



**Economy and Enterprise  
Overview and Scrutiny Committee**

**Date** Thursday 8 January 2015  
**Time** 9.30 am  
**Venue** Committee Room 2, County Hall, Durham

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**Business**

**Part A**

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

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meetings held 30 October and 7 November 2014 (Pages 1 - 20)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. Quarter 2, 2014/15 Revenue and Capital Outturn: (Pages 21 - 30)  
Joint Report of the Corporate Director of Regeneration and Economic Development and Corporate Director - Resources – Finance Manager, Resources.
8. Members' Reference Group - Looking at the Impact of Changes in Government Funding and Policy on the Economy of County Durham - Update on Recommendations: (Pages 31 - 44)  
Joint Report of the Assistant Chief Executive and the Corporate Director of Regeneration and Economic Development – SPP and Resources Manager, Regeneration and Economic Development.
9. Housing Strategy - Overview: (Pages 45 - 52)
  - (i) Joint Report of the Assistant Chief Executive and the Corporate Director of Regeneration and Economic Development.
  - (ii) Presentation by the Principal Policy Officer, Regeneration and Economic Development.

10. Durham Key Options - Update: (Pages 53 - 62)  
Report of the Corporate Director of Regeneration and Economic Development - Core Team Manager, Regeneration and Economic Development.
11. Quarter 2, 2014/15 Performance Management Report: (Pages 63 - 80)  
Report of the Assistant Chief Executive – Performance and Improvement Team Leader, Regeneration and Economic Development.
12. Review of the Council Plan and Service Plans: (Pages 81 - 90)  
Report of the Assistant Chief Executive – Principal Performance Manager, Assistant Chief Executive's.
13. Minutes of the County Durham Economic Partnership meeting held on 3 November 2014 (Pages 91 - 96)
14. 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  
19 December 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 E Henderson and Mr I McLaren

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**DURHAM COUNTY COUNCIL**

**ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Thursday 30 October 2014 at 9.30 am**

**Present:**

**Councillor R Crute (Chairman)**

**Members of the Committee:**

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

**Co-opted Members:**

Mr I McLaren

**1 Apologies for Absence**

Apologies for absence were received from Councillors J Armstrong, J Bell, I Geldard, R Ormerod, J Rowlandson, S Zair and Mr E Henderson.

**2 Substitute Members**

No notification of Substitute Members had been received.

**3 Minutes**

The Minutes of the meetings held 22 September 2014 and 6 October 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 see file of minutes). The articles included: 24,000 young people taking up apprenticeships and work experience placements in the North East; 140 firms signed up for an "Oktoberfest" engineering and manufacturing showcase; further progress in respect of the Hitachi site; and funding plans being approved for an extension of NetPark at Sedgefield.

It was noted that Hitachi had secured an order from Scotrail for 70 electric units as part of the upgrade to the Glasgow to Edinburgh route.

### **Resolved:**

That the presentation be noted.

## **7 Youth Employment Initiative - Update**

The Chairman thanked the Policy, Planning and Partnerships Officer, Children and Adults Services, Stephen Crass who was in attendance to give an update to Members in relation to the Youth Employment Initiative (YEI) (for copy see file of minutes).

The Policy, Planning and Partnerships Officer reminded Members of the background to the YEI, with the YEI being to "support the sustainable integration into the labour market of young people (aged 15-24) not in Education, Employment or Training (NEET)". Members noted that the YEI was not just to help those furthest from the labour market, but all young people from those lacking basic skills up to unemployed graduates. It was added that County Durham was eligible for €24.0 Million (approximately £20.5 Million), which comprised of 3 elements: €9.0 Million YEI funding; €9.0 Million from the European Social Fund (ESF); and €6.0 Million of match funding. It was explained that the funding was conditional on being committed by 2015, and with spending to be completed by 2018.

Members were given evidence relating to: unemployment rates of 16-24 year olds, noting the gap between County Durham and the North East Local Enterprise Partnership (NELEP) and National rates; the impact of recession upon young people in employment; Job Seekers Allowance (JSA) claimants aged 18-24; and the number of young people 16-18 participating in learning. The Policy, Planning and Partnerships Officer expanded on the issue of those claiming JSA, noting there was further work required to unpick where young people were moving to after school, whether that be into employment, back into education, to be supported by their families; or to become part of the "grey economy". The Committee noted the "not known" figure, below that of the region, however, higher than the national figure.

Councillors were made aware of "geographical hotspots" of youth unemployment, being: East Durham; Bishop Auckland, Shildon, Ferryhill in the South and West; and Stanley in the North of the County.

Members also noted the groups of people overrepresented in the 16-18 NEET cohort including: pregnant/teen parents; young people with special educational needs; young people with challenging behaviour/mental health issues; care leavers; young carers; supported by the Youth Offending Service (YOS) and Looked After Children.

The Policy, Planning and Partnerships Officer noted Key Stage 4 attainment in County Durham in comparison to the figures for England, and noted that the proportion of 18 year olds entering university is lowest in the North East, however, the growth in university applicants from the North East is amongst the highest of all UK regions.

The Committee noted the cost to the economy of youth unemployment, with research estimating that the overall loss to the UK economic output in 2012 was £10.7 Billion and the cost of every young person who has been NEET over their lifetime would be £56,000 in higher public finance and £104,000 in economic terms. Members were given a breakdown of the reasons employers gave for not employing young people, those being: lack of experience (29%); lack of skills (23%); poor attitude (18%); lack of qualifications (15%); poor quality application (13%); and "other" (2%). It was added that consultation with young people had shown that they believed that the main barrier they faced was a lack of work experience and also the competition from older people (over 25 years of age) who have such experience.

Councillors learned of the "Simpl Challenge", operated by the Federation of Small Businesses (FSB) North East in partnership with the County Durham Community Foundation, County Durham Economic Partnership and Durham County Council (DCC). It was explained that the Simpl Challenge looked for new ideas from business and the community to tackle youth unemployment in County Durham. It was added that each Simpl Challenge was based around a question, and a "Dragons' Den" style event would look at the best ideas, with funding available to take the best ideas forward.

Members were referred to the "Journey to Employment" and noted that the three stages were: engagement and action planning; building skills, capability and experience; and aftercare and retention. It was explained that there were several existing programmes in place, however, it would be key for the YEI to complement those schemes and not displace those already engaged in other employability activities. The Policy, Planning and Partnerships Officer explained that there had been several activities identified within 4 broad themes, the themes being: supporting young people's transitions; raising aspirations for vulnerable young people; supporting young people into employment; and re-engagement activities.

The Policy, Planning and Partnerships Officer concluded by noting the next steps in terms of the YEI, included further research; defining the YEI ambition; refining activities to be commissioned; communications; determining and understanding the delivery model; commissioning; delivery; and then evaluation.

The Chairman thanked the Policy, Planning and Partnerships Officer and asked Members for their questions on the presentation.

Councillors asked several questions in relation to: the breakdown of the total funding available; the inability to direct funds towards those in full-time education that may be at risk of becoming NEET; “poor attitude” and “lack of skills” being given as reasons why employers did not employ young people.

The Policy, Planning and Partnerships Officer explained that the total funding for County Durham was £20.5 Million, with £7.7 Million being YEI funding, aligned to £7.7 Million ESF allocation with a requirement to match fund the ESF allocation with £5.1 Million. Members noted that, initially, Government advice was that funding could be directed to those in Key Stage 4, in full-time education and being identified as being at risk of becoming NEET. However, it was explained that recent Government guidance stated that YEI funding could only be directed towards young people who were already NEET. The Chairman asked whether it was possible to direct other funding at those vulnerable to becoming NEET. The Policy, Planning and Partnerships Officer explained that it may be possible to give support to those young people using ESF monies, as EU rules govern this spend. The Policy, Planning and Partnerships Officer noted that there was further work to be done with employers locally to understand what skills they required and to educate young people on what employers actually wanted from them.

Councillors asked further questions relating to: whether “hotspot areas” received more of the resources to target youth unemployment and training; if volunteering was supported as an option to help develop young people’s skills, in the context of a lack of jobs being available post-education; low-skills churn, with lower level jobs being contracted out, preventing progression within businesses; what employers were doing to provide young people with the skills that employers want; apprenticeships and developing bespoke training to cater for niche market businesses.

The Policy, Planning and Partnerships Officer confirmed that “hotspot areas” did receive a higher proportion of resources and though the number of NEETs in some areas were low, they represented an important proportion of young people. It was noted that following reforms to Further Education, there was an expectation for courses to contain “proper” work experience, however funding reductions in respect of work experience, advice and guidance in schools was a result of national policy. Members noted that young people needed the skills to be able to search, apply and interview for jobs, and be aware of their obligations once employed in order to sustain their position.

The Committee noted that there was a stipulation that YEI funds must be targeted and there was a recognition that there were some incentives to employers to engage and Business Advisors looked to create regional links and make young people aware of the opportunities that exist. It was explained that there were a number of good apprenticeship schemes being offered in the County, not simply graduate training programmes, and they were leading to genuine career pathways.



Several Members noted that young people believed they were getting the skills they required from academic and vocational courses and there was a need to recognise and highlight the difference between what young people were being offered and what specialist skills local employers need.

**Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the report and presentation.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Youth Employment Initiative within County Durham at a future meeting of the Committee.

## **8 Business Durham - Update**

The Chairman thanked the Managing Director, Business Durham, Dr Simon Goon who was in attendance to give an update in relation Business Durham (BD) (for copy see file of minutes).

The Managing Director, BD referred to the press articles mentioned in the previous item, noting these as signs of increased confidence of business in the County. It was also noted that there had been increases in enquires and more discussions about growth in the economy. It was explained that the challenge for County Durham was to manage limited resources and to be ready to react to opportunities as they appear.

The Committee were reminded that the aims of BD were to deliver the environment for business and economic growth and to increase the size of the private sector to rebalance the County's economy by:

- Increasing rates of business survival
- Increasing rates of business start-up
- Increasing numbers of businesses attracted
- Increasing numbers of jobs safeguarded/created

Councillors learned that the work of BD was underpinned by the ambition of raising the economic aspirations of its client groups with three priorities for BD being to:

- Deliver a financial sustainable service
- Be more proactive in engaging with business and sector development
- Operate more effective, efficient and influencing networks within and out of the County

The Managing Director, BD explained that since reporting at the Committee in October 2013, in respect of forming a strong evidence base to measure the impact of activity on the economy of the County, good progress was being made with data sets and data quality, now having agreed a GVA per employee values for the County. It was explained that this in turn allowed the impact of the activities of BD to be estimated allowing understanding of which areas and sectors had the most economic impact. Members were referred to Table 1 within the report which set out the GVA contribution per job by sector and noted the percentage of the labour market they represented.

Councillors noted that BD had an Advisory Board supported by Members, chaired by Councillor S Henig, with private sector board members in addition who were available to provide advice, information and support the operation of BD. It was explained that BD had three teams including the “Business Space Team” which had responsibility for the letting, management and development of the Business Durham property portfolio across the County. It was explained that the other two teams were the “Business Development Team” and “Innovation and Growth Team”, with the former including work to promote enterprise and increase the number and quality of businesses starting up. Members noted the Innovation and Growth Team had responsibility for inward investment; the innovation agenda; sector development; site-specific propositions; and NETPark.

The Committee were informed of the new key performance indicators (KPI) that had been developed for BD and performance levels at 30 September 2014, noting the high level of business occupancy, 77%.

The Managing Director, BD noted that in relation to “Enterprise, Engagement and Outreach”, the Future Business Magnates (FBM) enterprise competition was celebrating its 10<sup>th</sup> Anniversary. Members were reminded that FBM pairs up schools with local businesses, engaging with over 200 young people per year. It was explained that the theme of the 2013-14 competition was “Tomorrow’s Technology Solving Today’s Problems” and this theme encouraged the use of science, technology, engineering and mathematics (STEM) skills in order to develop a new business idea. It was noted that the winning school/business from 24 participating teams was by Belmont Community School and Watersons Limited with an “anti-cyberbullying app” for smartphones, with the idea being so impressive to the judges and businesses that the idea was being looked at to be taken forward as a real product. It was added that a pilot of “FBM Plus”, operating the competition in Further Education (FE) establishments, would be further expanded in 2015.

Members noted a number of initiatives BD had been involved with, including: “Putting Women on the Map”, a celebration of women’s enterprise to coincide with International Women’s Day; supporting Durham University’s student Blueprint Enterprise competition; Kickstart Weekend organised by Durham University’s student led enterprise society, “Entrepreneurs Durham”; enterprise-themed talks given to a total of 385 people around the County; and leading on the development of European Regional Development Fund (ERDF) 2014 work streams on behalf of the County Durham Economic Partnership (CDEP) for innovation and enterprise and business support.

The Managing Director, BD explained to Members that by utilising DCC, CDEP and ERDF monies, a programme of support for people starting creative businesses had been commissioned. Members noted a self-employment support option for those affected by Welfare Reform (WR), with 20 people having been supported and 1 client having started up a business. It was added that around 600 businesses had been engaged with during 2013/14 and also a number of Business Park Communities had been established based around key industrial estate locations. The Committee were informed that the Durham Social Value Taskforce, chaired by Councillor N Foster, had helped Small and Medium sized Enterprises (SMEs) to access procurement opportunities utilising aspects of the Social Value Act where applicable. Councillors noted that 20 businesses had been helped to secure a total of £8.1 Million from the Regional Growth Fund, under the “Let’s Grow” grant scheme.

Members were reminded of the success of the Hitachi Rail development and noted the “topping out” ceremony that had recently taken place. It was explained that South West Durham Training (SWDT) were to receive a “training train” so that the Japanese methodology could be explained to trainees, with an ability for the train to be stripped and rebuilt by Hitachi employees. It was noted that a number of design jobs would also be created by Hitachi and that Newton Aycliffe will include a design department as well as assembly plant

Councillors noted several inward investment successes including: Bristol Labs taking on the former Reckitt Benckiser plant at Peterlee with 347 jobs created from January 2014, looking to double that number over a 5 year period; TSC Simulation setting up an office at Aycliffe Business Park; Atom Bank looking to set up its headquarters at Aykley Heads with upto 500 jobs over the next few years. Members noted the continued success of NETPark, now in its 10<sup>th</sup> year, and the work of Durham University and the Centre for Process Innovation (CPI) in developing the innovation theme of the European Structural Funds Investment Plan and to develop NETPark as the global hub of materials integration capabilities.

Members noted that BD had influenced the NELEP’s Smart Specialisation Strategy (S3) and also led a regional consortium to secure a regional Centre of Excellence status for NETPark for the “Satellite Applications Catapult”, making NETPark the only site that had two “catapults”.

The Managing Director, BD explained that in relation to business properties, occupancy and collection rates had continued to improve and a new development at Consett, “ViewPoint” opened on 4 March 2014 by the late Councillor Pauline Charlton, the then Chairman of Durham County Council. Members also noted the growth and improvement at the Durham Dales Centre at Stanhope.

The Chairman thanked the Managing Director, BD and asked Members for their questions on the update.

Councillors asked questions in relation to: investment in other industries other than Hitachi at Newton Aycliffe; the status of the development at Hawthorn in the east of the County; and income generated from properties, and whether targets relating to income and occupancy would be achieved.

The Managing Director, BD noted that work was ongoing to open up more land at Newton Aycliffe for development and noted the activities in relation to the “Durham Oktoberfest” event involving 140 businesses. It was added that while there was a focus on the Hitachi site, there were several other excellent businesses in the Newton Aycliffe area such as EBac, Gestamp Tallent, Tekmar and Sabre Rail. The Managing Director, BD explained that the Hawthorn development had been a victim of the recession, however, there had been a recent enquiry as regards the site, a possible “seed” that would help to take the development forward. Members noted that DCC properties were being let in a competitive market and, in order to be competitive some properties are offered with rent-free periods to encourage new businesses to establish and grow. It was explained that there was a degree of lag between occupancy rates increasing and the corresponding increase in income, due to this incentive period. The Managing Director, BD noted that he was confident that targets relating to occupancy and income would be met by the year end.

The Managing Director, BD noted a “working group” had been set up by BD, looking at the better connecting businesses and educationalists (secondary schools), looking at how schools and employers can work together. It was suggested that an update on the development of this group could be provided to Members at a future meeting of the Economy and Enterprise Overview and Scrutiny Committee.

**Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the update report.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update report on the work of Business Durham at future meeting of the Committee.

## **9 EU Funding Programme - Update**

The Chairman thanked the Head of Strategy, Programmes and Performance, Regeneration and Economic Development, Andy Palmer who was in attendance to give an update to Members in relation to the EU Funding Programme (for copy see file of minutes).

The Head of Strategy, Programmes and Performance explained that there were various strands to the EU Structural Funds Programme and that the programme for 2014-2020 had yet to be approved. Members noted that the programme was in effect a national one and the UK Government was in negotiation with the EU Commission regarding the English Operational Programmes (OPs). It was explained that the Government had given LEPs the role of preparing board strategies for investment themes in their areas. Councillors learned that there were 5 strategic objectives in relation to the European Structural Investment Fund Strategy (ESIF) those being: Innovation; Business Growth; Low Carbon; Inclusive Growth; and Skills.

Members were reminded that as County Durham was a “Transition Region”, it was unique within the NELEP area, having a sub-allocation of £135 Million. It was noted that the CDEP was an advisory board, with the following work streams of: innovation; enterprise and business support; access to finance; capital infrastructure; youth unemployment; social inclusion; adult skills and employability; and low carbon/sustainability. Members noted that the YEI funding mentioned in a previous item was a separate fund from the EU Structural Funds Programme.

It was explained that there was a degree of tension between the EU and Government in respect of the role of LEPs, and that the Combined Authority (CA) acted as a sub-committee in respect of the national group. It was added that this meant DCC had representation through both the CDEP and CA, with the Department for Communities and Local Government (DCLG) looking for a steer from this “local group”.

Members were referred to Appendix B of the report which set out the areas of potential DCC project activity identified through the CDEP, including: reducing homelessness; supporting SMEs in the food, drink and retail sectors (where linked to the visitor economy); low carbon economy; and apprenticeships.

Councillors learned that in addition the majority of the Area Action Partnerships (AAPs) had some form of job creation within their list of priorities.

The Committee noted that the project proposals would be finalised by Easter 2015, with projects then applying to the Programme. It was added that there had been engagement with partners and briefings had been held with the local M.E.P.s and M.P.s.

The Chairman thanked the Head of Strategy, Programmes and Performance and asked Members for their questions on the report.

Members asked questions in respect of: was the EU Structural Funds Programme affected by the £1.7 Billion that the UK were being asked to pay to the EU as mentioned in the press; how the OPs fitted in with the CA; Government “Opt-ins” where match funding is not required; and further information for Members in respect of EU Funding.

The Head of Strategy, Programmes and Performance noted that the issue being discussed in the press regarding the £1.7 Billion was not connected to the issue of EU Structural Funds Programme. Members noted that there was some EU debate as regards the OPs, including issues of Flooding, ICT and Sustainable Transport and also where national issues would then impact on the UK regions, an example being transport. The Head of Strategy, Programmes and Performance explained that the CA funds were via the NELEP, devolved from the Department for Transport (DfT) and some Government Departments, with a single Transport Authority for the region. It was added that the technical expertise in dealing with EU Funding bids sat with the Local Authorities, and the CA and therefore support could be offered to the NELEP, working with local partners.

The Head of Strategy, Programmes and Performance noted that in the past ESF was handled nationally and ERDF was handled at a regional level, however, now Government note the LEPs have a say in respect of programmes and can “opt-in” to the Government programme with the LEPs then “buying programmes” from Government Departments, a prospectus being available on the Department for Business, Innovation and Skills website. It was added that there had been a Members’ Seminar on EU Funding approximately 6 months ago, though further sessions could be arranged if Members wished.

**Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the update report.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report at future meeting of the Committee.

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## **DURHAM COUNTY COUNCIL**

### **ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Friday 7 November 2014 at 9.30 am**

#### **Present:**

**Councillor R Crute (Chairman)**

#### **Members of the Committee:**

Councillors J Armstrong, A Batey, J Bell, J Clare, J Maitland, H Nicholson, J Rowlandson, P Stradling, O Temple and A Willis

#### **Co-opted Members:**

Mr E Henderson and Mr I McLaren

#### **Also Present:**

Councillor R Todd

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors E Adam, J Cordon, D Hall, R Ormerod and S Zair.

#### **2 Substitute Members**

No notification of Substitute Members had been received.

#### **3 Declarations of Interest**

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

#### **4 Items from Co-opted Members or Interested Parties**

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

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

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

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

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

### Durham City Homes

The Manager, DCH explained that the Annual Report for DCH was developed in conjunction with tenants and it set out the performance in terms of the Homes and Communities Agency (HCA) Standards, although the Tenants' Panel had decided upon a more engaging format, a calendar for the period October 2014 to September 2015. The Committee noted that each month covered a different area of activity, positive feedback had been received as regards the format and further information was available on the DCH website.

The Committee were reminded that the main issue for all three providers was the proposed Stock Transfer, with key highlights for 2013/14 including the publication of the stock transfer guidance and Housing Providers speaking to tenants door-to-door as regards the proposed transfer. Members were reminded that Durham County Council's (DCC) Cabinet decided to move forward with the proposals for transfer, therefore going out to a full ballot of Tenants regarding Stock Transfer. It was noted that Cabinet on 10 September 2014 received information on the result of the ballot, with 82% of Tenants in favour of transfer.

Councillors noted that it had been the first year of the impact of Welfare Reform (WR), including the under-occupancy charge and there had been significant impact, although DCC had been very pro-active in working with all Housing Providers: setting up a triage system to assess the best options for affected Tenants, using Discretionary Housing Payments (DHP) to help Tenants where appropriate, with approximately £1 Million in DHP via DCC. It was explained that in relation to lettings for the year, there had been an increase in the number of terminated tenancies, approximately 20%, and lower demand seen for 3 bedroom properties. It was noted that there was an associated additional workload in then turning around the properties ready to be re-let, though there appeared not to be a significant impact upon rent collection.



The Manager, DCH explained that Energy Advisors had been appointed, and capital works had also been undertaken to: replace poor performing boilers; replace windows to ensure that all were now double-glazed; and to explore options for lower energy bills for Tenants. Members noted that other work with external partners to improve Tenants' experience included: Silvertalk, supporting older people; Tenant Complaints Panel; and Anti-Social Behaviour (ASB) diversionary project with Durham Constabulary; and involvement with Durham in Bloom.

In relation to key performance indicators (KPIs) it was noted that of the 22 KPIs in 2013/14 16 achieved target, with 5 missing target. Councillors noted those that missed target related to: Tenants evicted for rent arrears (0.56%); time taken for routine repairs (11 days); number of empty homes (90); re-let times (29 days); and Tenants' participation on estate walkabouts (38%). Members noted that "Tenant Promises", service standards, operated across 15 services and included 79 standards in total. It was explained that 78 of the 79 standards had been achieved, with the 1 standard not achieved related to producing a training programme for Tenant Involvement by June 2013, however, it was produced by July 2013.

The Committee were referred to graphs highlighting figures in relation to rents, repairs and sustaining tenancies, noting that a worrying figure was the number of Tenants accessing foodbanks. Members noted information in connection to Decent Homes, finishing the year with 0% non-decency for the housing stock. Members noted the works undertaken to maintain the housing stock at the appropriate standard, with approximately one-third of the stock having received some capital work. Councillors noted graphs setting out information on lettings and Tenants' responses in relation to their neighbourhoods. It was explained that there was a decline in Tenant involvement however, customer service levels remained high.

The Manager, DCH referred Members to a slide setting out the 2013/14 budget and also explained the progress in respect of young people's employment. It was noted that DCH employed 4 business administration apprentices and 3 more within the Repairs Team; 1 electrical and 2 business administration apprentices. Councillors noted that across the DCH Decent Homes Delivery Partners, 17 apprentices were employed with 3 volunteer placements.

In respect of the impact of WR, it was noted that there was a proportion of Tenants affected by the under occupation charge (14% - 859 tenants) of which 40% of affected people are in arrears (343 tenants). Councillors noted that many of those in arrears had been so prior to WR and three-quarters were "technically in arrears", meaning they were paying their rent, just monthly being out of sync with when the rent was due. It was noted that those paying, albeit not exactly on time, need to be un-picked from those that were not paying. Members noted that DCC's DHPs had also been enabling some Tenants affected by WR to stay in their properties, and therefore the overall picture was complex. It was noted that 121 owed more than £1,000 though there had been no evictions to date solely as a consequence of the under-occupancy charge.

The Chairman thanked the Manager, DCH and asked Members for their questions on the presentation.

Councillors asked questions in relation to: termination of tenancies levelling off; the mix of tenure type in respect of the 90 empty homes; and more information as regards the boiler replacements.

The Manager, DCH explained that the termination of tenancies had levelled out at around 20%, which was 10% more than the average historically. Members noted that the empty properties included a mixture of archetypes however, there were clusters in outlying villages and that the number had reduced to 63 currently from the 2013/14 year end figure of 90. The Committee were reminded that the boiler replacement was a consequence of underperforming equipment that was out of the warranty period and that, due to the high number of breakdowns the replacement of the boilers was the only viable option.

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

### Dale and Valley Homes

Members were reminded that DVH was set up in 2006 and was responsible for 4,234 properties, employing 86 staff, the majority of which lived locally. The Committee noted that the DVH Vision was to “Provide homes and neighbourhoods that our customers want to live in and are proud to live in”, with 4 key strategic objectives having been established to achieve this:

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

The Committee noted that the Annual Report format had been developed in line with the wishes of customers, however, still reporting against the HCA Standards. The Chief Executive, DVH noted he was very proud of DVH retaining the Customer Service Excellence award for a fourth year and that 78% of Tenants that responded to the 2014 survey were satisfied with the way DVH listen to their views and acted upon those views.

Members were reminded that each year in September, a customer survey was carried out and it was noted that 93% of customers felt their call was answered promptly with 99% feeling their call was answered politely. Councillors also noted that the complaints procedure had been streamlined, and that 83% of customers were satisfied with the outcome of their complaint.

The Chief Executive, DVH explained that there had been 373 adaptations carried out to customers' homes with 100% of customers being satisfied with the service. It was added that the future plans for a number of communal rooms were being discussed with 3 to be remodelled into desirable homes and 5 to be developed into community hubs. Members noted a quote from Councillor C Kay in relation to the community hub, which included a Post Office, at Mickle Grove in Coundon “Mickle Grove has been turned into a one stop community hub, it will be a fantastic benefit for the community in so many ways”.

Councillors noted that all DVH properties were at the Decent Homes Standard, and since 2007, 3,926 homes had been modernised, with £49.4 million spend to date. It was added that customer satisfaction with decent homes works was high being recorded at 97.7%.

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

- The average cost of repairs per property had reduced from £425 in 2012/13 to £421 in 2013/14.
- 93% of customers were satisfied with the repairs and maintenance service.
- 100% of emergency repairs were completed on target.

The Chief Executive, DVH explained that, in working with neighbourhoods and the community, a Homesteading scheme had been developed in conjunction with DCC to bring long term void properties back into use. It was added that 907 homes had received environmental improvement works and 5 difficult to let properties had been demolished with additional car parking provided.

Members noted work with Enforcement Officers, with over 500 joint visits with Officers from Durham Constabulary, 2 notices being served to customers who were causing ASB, and 2 ASB injunctions having been obtained. Councillors noted that 2 customers were evicted for breach of tenancy due to ASB, though it was added that DVH staff were trained in mediation and joint sessions with the Police, victims and offenders had helped to resolve 12 cases last year.

It was noted that in 2013/14, 34 groups were successful in receiving over £15,000 from the "Better Homes, Better Lives" fund. Members were reminded of the work on energy advice with over 569 customers visited, with an average identified saving of £153 per customer.

Members noted that 729 customers had been visited having been identified as affected by the under-occupancy charge and being in receipt of Housing Benefit. Councillors were made aware of the DHP for DVH customers, with 287 being in receipt of a total over £160,000. The Committee were informed that in terms of Welfare Reform a lot of work had been undertaken in order to be able to help tenants, with continued support for the local Citizens' Advice Bureau (CAB) in order for them to continue to offer impartial advice that had resulted in:

- 322 customers being referred to CAB.
- 80% of those referred engaging with the service.
- Nearly £41,000 of unclaimed benefits was accessed.
- Over £229,000 of debt had been successfully managed.

It was added that there had been 28 referrals to food banks and 74 customers were referred to an employability project, funded by the local Area Action Partnership (AAP).

The Committee learned that during 2012/13, DVH let 406 properties, with an average re-let time for empty homes being 42 days. Councillors learned that the average number of bids per property in 2011/12 was 13.76, in 2012/13 it was 6.61 for 2013/14 was 2, demonstrating a significant decrease.

The Chief Executive, DVH explained that there had been a huge amount of work undertaken by DVH, together with DCC, DCH, EDH in relation to Stock Transfer including: the STAR survey; consultation events; and expanded Customer Working Group, together with associated workshop sessions. Members learned that there had been 3 rounds of home visits to give customers information relating to Stock Transfer, empowering customers ahead of the ballot.

The Chief Executive, DVH commented that DVH currently employ 4 business administration apprentices and 1 quantity surveyor apprentice, and this was in addition to 5 apprentices through DVH's joint Social Enterprise with Gentoo, "Colouring Pads". It was explained that further work included securing funding to sustain the service post April 2015 and to assess the effectiveness of the service. The Committee were reminded that over a third of DVH staff were either currently or had been apprentices, with many having gone on to full time employment within the company.

It was noted that DVH had been included in the Sunday Times "Best 100 Companies to work for" list for the fourth year running, ranked third in 2014 as a "not-for profit organisation". It was added that DVH achieved the Investors in People (IIP) Gold Standard in March 2013, and DVH also obtained IIP Champion Status. Members noted that the results of the investment in staff had been reflected in the quality of the staff and the low staff turnover at the organisation.

The Chairman thanked the Chief Executive, DVH and asked Members for their questions on the presentation.

Councillors asked questions in relation to: how demand was monitored and predictions made; if the number of bids per property had reduced from approximately 13 bids to 1 bid, where those people had moved to; what options there were in relation to being able to improve the general environment around properties where there was a mixture of public and private housing stock; and whether with the under-occupancy charge there was now a need to build more 1 bedroom bungalows.

The Chief Executive, DVH explained that stock transfer should be able to help in terms of demand as there would be scope with the increased borrowing potential to be then able to invest in building new properties. In relation to the number of bids decreasing and ascertaining where those potential Tenants were residing, it was thought that it was a combination of some having to stay with parents or relatives until such time they could afford to have a property of their own and movement into the private rental market, which is nationally larger than the Social Housing Sector. Members noted that it was difficult to get private landlords involved with schemes to improve the local environment in housing estates, however there were options such as compulsory purchase and demolitions that could be used in a last resort. It was explained that there was low demand for 1 bedroom bungalows and in fact two bedroom properties were more popular currently, and it was added that some people could be exempt from the under-occupancy charge.

**Note:** *Councillor R Crute left the meeting at 10.30am*

**Councillor A Batey in the Chair**

The Vice-Chairman in the Chair, Councillor A Batey introduced the Interim Chief Executive of EDH, Michael Doyle to speak in relation to the performance and Annual Report for EDH.

### East Durham Homes

The Interim Chief Executive, EDH noted that the Annual Report for EDH followed a similar format to those of DCH and DVH, with the design being influenced by a Customer Editing Panel, consisting of EDH Tenants. It was explained that the format included the idea of “a year in pictures” then including the usual information as sub-headed by the HCA standards.

Members noted highlights within the year including the “SHED2” social enterprise operated by EDH and 8 apprentices had been taken on in helping to tackle void properties, making them ready to let. It was added that some apprentices had secured employment with partner companies. The Committee noted that EDH had secured the IIP Gold Award and had achieved re-accreditation for the Customer Service Excellence (CSE) Standard. Members also noted the war memorial at Murton was saved, in conjunction with a partner company, Wates and the 10 year anniversary of EDH in 2014.

Councillors noted that 94.38% of repairs were carried out “right first time”, with the average repair time being 7.21 days. In relation to the Decent Homes Programme, it was explained that while EDH had been behind DCH and DVH, improvement of 80% in March 2014 to 90% in November 2014 showed EDH to be on track to have 100% decent homes by the end of April 2015. It was noted that any adaptations works had been scheduled to coincide with the decent homes works to minimise disruption to Tenants. Members noted that 15 “quick-fix” grants had been awarded to local community groups, around £200-300 to improve the quality of estates.

In relation to properties and re-lets, Councillors noted that there had been 983 re-lets, an increase from the previous year where there had been around 650 properties been re-let. Members learned that the average re-let time was 18.42 days; however the number of bids, denoting demand, differed from area to area, with 25 bids per property for popular areas in Peterlee and Seaham, and very low demand in the outlying villages. Members noted that the numbers of tenants affected by the under-occupancy charge was around 1,000, down from previous figure of 1,200.

The Interim Chief Executive, EDH noted that in respect of tenant involvement and empowerment the CSE had noted, in their report re-accrediting EDH, that EDH showed “a real sense of continuous improvement across the organisation” and 3 elements of their assessment had shown that EDH had achieved “compliance plus”. Councillors learned of the Customer Inspection and Improvement Panel that scrutinised the work of EDH, noting that 3 inspections had been carried out in 2013/14 on: repair job cancellations; decent homes; and the impact of neighbourhood and community schemes. It was added that from these 3 reports, 41 recommendations were made, all having been accepted by EDH. Members noted that EDH had been awarded “Leaders in Diversity” accreditation and had improved access for customers at the Peterlee outlet and had a presence in the DCC Customer Access Point (CAP) at Seaham.

Members were reminded of the progress as regards the decent homes standard and were shown an example of the types of improvements being made to the “Tarran” pre-fabricated bungalows at Shotton Colliery such as improved insulation and exterior finish. Councillors were given an indication of the types of replacement kitchens and bathrooms being installed, with a 20 year lifespan. It was added that all boilers had been given an annual gas safety check and 99.71% of repair appointment times were made and kept, and 99.86% of emergency repairs were completed on time. Councillors learned that EDH supported Tenants in their tenancies and new Energy and Financial Wellbeing Advisors had provided free advice to 2,652 customers, identifying £593,718 of potential benefits. Members were reminded of the NE First Credit Union, and how this service would help benefit tenants in being able to access a loan from a reputable lender.

The Interim Chief Executive, EDH explained that 38% of estate walkabouts had customer representation and 95 customers had been assisted by the handy-person service. Members noted community clean up days, involving partners and also the “Best Kept Garden” competition. In relation to ASB, it was noted that 514 ASB cases had been investigated and 98.51% of cases had been closed and successfully resolved. It was added that the work undertaken by EDH in relation to tackling ASB was seen as an exemplar, with representatives from the Home Office planning a visit to see the EDH approach to ASB. The Committee noted that the Value for Money and Governance standards were being maintained at a high level, with a “Seal of Approval” from the Housing Quality Network”.

The Vice-Chairman thanked the Interim Chief Executive, EDH and asked Members for their questions on the presentation.

The Committee asked questions relating to: the numbers and types of apprentices retained by the 3 organisations; whether the improvements being carried out to properties had affected the numbers of Right to Buy (RTB) applications; concern as regards coherent plans to tackle estates in mixed public/private ownership; and the legacy of RTB and absentee landlords.

Interim Chief Executive, EDH explained that in respect of EDH, apprentices were through the SHED social enterprise and of the 8 apprentices originally appointed, 4 had secured positions, 1 secured a job at a partner organisation, the other 3 gaining employment elsewhere. The Manager, DCH noted that of the 4 business administration apprentices appointed a year ago, 1 had secured a permanent position at DCH, 1 gained employment elsewhere, 1 returned to full-time education and 1 completed the apprenticeship placement. The Chief Executive, DVH explained that they worked with Bishop Auckland College to ensure high quality education for the apprentices.

It was explained to Members that the numbers of RTB sales was at a low level and unless there was a significant economic boost, it would be unlikely that RTB sales would increase. It was noted that while interest rates were low, prospective buyers were struggling in respect of deposits and securing mortgages. The Chief Executive, DVH noted that should RTB sales increase, this capital could in turn be invested in providing new housing stock. The Committee noted that there were difficulties in tackle issues where there was a public/private stock mix, however all providers worked to try and improve the environment within estates.

The Vice-Chairman anticipated that this would be the final performance report to the Committee in respect of the 3 organisations and thanked all 3 housing providers for their commitment to working with the Committee and engaging with Members. The Vice-Chairman noted the huge journey all 3 providers had come through and the significant improvements delivered to the housing stock in all 3 areas, particularly in respect of the decent homes standard which had been especially challenging.

**Resolved:**

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

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## Economy and Enterprise Scrutiny Committee

8 January 2015



### Regeneration and Economic Development Service – Quarter 2: Forecast of Revenue and Capital Outturn 2014/15

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## Report of Finance Manager – Azhar Rafiq

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### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget based on the position to the end of September 2014.

### Background

2. County Council approved the Revenue and Capital budgets for 2014/15 at its meeting on 26 February 2014. 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 - £44.912m (original £42.653m)*
  - *Housing Revenue Account - £66.034m*
  - *RED Capital Programme – £96.566m (original £109.598m)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
  - Transfer of budget from CAS for management of Gypsy Roma Traveller service £131k
  - Reduction in staffing budget to reflect purchase of annual leave -£33k
  - Reduction in car mileage budget to reflect corporate savings -£40k
  - Increase in Assets budget to support office accommodation project £120k
  - Transfer of budget to Neighbourhood Services for Highway Network maintenance service -£43k
  - Increase in capital charges budget not controlled by services £351k
  - Use of strategic redundancy reserve for MTFP savings £606k

- Security costs for Whinney Hill school £83k
- Additional staffing costs in Supported Housing pending a restructure met from cash limit £27k
- Use of Seaside Towns reserve £136k
- Employment support initiatives met from Welfare Assistance reserve £213k
- Expenditure on Apprenticeship subsidy payments met from the Economic Employability reserve £107k
- Expenditure on Developing Creative Industries to be funded from the Performance Reward Grant reserve £63k
- Additional contract payments relating to the Concessionary Fares scheme £293k
- Expenditure on homelessness prevention initiatives to be met from the Housing Solutions reserve £165k
- Minor transfer of budget to ACE -£1k
- Transfer of budget from Neighbourhood Services for bus station cleaning £81k

The revised General Fund Budget now stands at £44.912m.

4. The summary financial statements contained in the report cover the financial year 2014/15 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 **£1.050m** under budget against a revised annual budget of **£44.912m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

## Subjective Analysis

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Employees</b>	28,908	13,143	28,968	60	-139	<b>-79</b>
<b>Premises</b>	2,938	2,429	3,663	725	-1	<b>724</b>
<b>Transport</b>	1,062	349	906	-156	-1	<b>-157</b>
<b>Supplies and Services</b>	11,067	2,623	10,865	-202	68	<b>-134</b>
<b>Agency and Contracted</b>	19,776	7,645	20,832	1,056	0	<b>1,056</b>
<b>Transfer Payments</b>	1,670	323	1,650	-20	0	<b>-20</b>
<b>Central Costs</b>	10,387	201	10,217	-170	0	<b>-170</b>
<b>GROSS EXPENDITURE</b>	<b>75,808</b>	<b>26,713</b>	<b>77,101</b>	<b>1,293</b>	<b>-73</b>	<b>1,220</b>
<b>INCOME</b>	-30,896	-12,473	-33,219	-2,323	53	<b>-2,270</b>
<b>NET EXPENDITURE</b>	<b>44,912</b>	<b>14,240</b>	<b>43,882</b>	<b>-1,030</b>	<b>-20</b>	<b>-1,050</b>

## Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Strategy Programmes Performance</b>	1,737	860	1,695	-42	-37	<b>-79</b>
<b>Economic Development &amp; Housing</b>	7,446	3,592	7,088	-358	113	<b>-245</b>
<b>Planning &amp; Assets</b>	5,971	2,548	5,374	-597	-71	<b>-668</b>
<b>Transport &amp; Contracted</b>	18,979	7,236	18,946	-33	-25	<b>-58</b>
<b>Central Managed Costs</b>	10,779	4	10,779	0	0	<b>0</b>
<b>NET EXPENDITURE</b>	<b>44,912</b>	<b>14,240</b>	<b>43,882</b>	<b>-1,030</b>	<b>-20</b>	<b>-1,050</b>

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):

Service Area	Description	(Under) / Overbudget	(Under) / Overbudget
Strategy, Policy, Partnerships & Support	£56k under budget on employee costs - vacancies and local agreements	(56)	<b>(79)</b>
County Durham Economic Partnership	Minor variance	(1)	
Planning & Performance	£22k under budget on employee costs - local agreements and maternity leave	(22)	
Funding and Programmes	Minor variance	0	
Head of Economic Development	Minor variance	8	
Physical Development	£50k approved over budget on housing projects post	52	
Visit County Durham	Minor variance	5	

Service Area	Description	(Under) / Overbudget	(Under) / Overbudget
Business Durham	£304k under budget within the Business Space service mainly due to increased occupancy and additional income at NetPark £24k approved over budget relating to the Council's contribution to the Regional Growth Fund programme £8k over budget on employee costs due to vacancy savings not being achieved	(272)	
Economic Development	£80k approved over budget relating to apprenticeship support £8k over budget on employee costs due to vacancy savings not being achieved	88	
Housing Solutions	£170k under budget due to 2015-16 MTFP savings being achieved early £42k under budget relating to the new Darlington HIA contract £107k under budget on HIA service following restructure £193k approved over budget on homelessness prevention initiatives	(126)	<b>(245)</b>
Head of SPPAE	Minor variance	4	
Spatial Policy	£15k under budget on transport £133k approved over budget on public consultation costs regarding the examination of the Local Plan	118	
Development Management	£50k under budget on employees due to increased staff turnover £29k under budget on other running expenses £639k overachieved income partly due to a number of large applications such as Beacon Lane, Sedgfield and The Isles Wind Farm, Bradbury	(718)	
Building Control	£37k under budget on employees mainly due to vacant building control officer £12k under budget on transport £23k under budget on general supplies and services £50k overachieved building control fee income	(122)	
Environment & Design	£21k under budget on employees due to MTFP savings achieved early £26k under budget on transport £69k under budget on general supplies £15k under budget on solar metering repairs and maintenance £37k over achieved income regarding one off SLA with Darlington BC for sustainability appraisals	(168)	

Service Area	Description	(Under) / Overbudget	(Under) / Overbudget
Asset Management	£30k approved over budget relating to asset rationalisation project £100k overachieved income relating to fee income from sales £288k under achieved income and additional business rate costs on vacant properties such as North Road Durham, Brackenhill Peterlee, Millenium Square Durham and Newgate Street Bishop Auckland	218	(668)
Head of Transport	Minor variance	3	
Traffic	£21k under budget on salaries due to vacancy savings £21k over budget on premises costs due to adjusted water rates for Park and Ride £18k over budget on transport and supplies and services mainly due to Park and Ride bus livery costs £111k over budget on third party payments primarily due to parking services contract £120k under achieved income on parking including £66k of which is due to the planned Christmas parking initiative	249	
Sustainable Transport	£160k under budget primarily due to savings on bus contracts	(160)	
Supported Housing	£44k over budget on employees costs primarily due to 24/7 cover for holidays and sickness £194k over achieved income due to increased client numbers and SLA agreements	(150)	(58)
Central Costs	Minor variance		0
<b>Overall (Under) / Over Budget</b>			<b>(1,050)</b>

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2014/15 which amount to £1.1m.

### 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 £2.150m towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
<b>Income</b>			
Dwelling Rents	(64,558)	(64,792)	(234)
Other Income	(1,371)	(1,366)	5
Interest and investment income	(105)	(105)	0
	<b>(66,034)</b>	<b>(66,263)</b>	<b>(229)</b>
<b>Expenditure</b>			
ALMO Fees	16,799	16,799	0
Repairs, Supervision and Management Costs	12,019	12,019	0
Depreciation	7,872	7,872	0
Interest Payable	12,627	10,706	(1,921)
Revenue contribution to capital programme	16,717	18,867	2,150
	<b>66,034</b>	<b>66,263</b>	<b>229</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

11. In summary, the main and significant variances with the budget are explained below and relate to the figures and corresponding notes shown in **Appendix 2**:
- Dwelling Rents £234k increased income** – this results from a lower than anticipated void rate and less Right to Buys being completed;
  - Interest Payments £1,921k underspend** – this results from a lower interest rate and lower outstanding loan debt than originally anticipated, due in part to re-profiling of the capital programme in year;
  - Revenue Support to Capital £2,150k 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 over 192 schemes managed by around 37 project delivery officers.
13. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2013/14. This increased the 2014/15 original budget. Further reports to the MOWG during the year detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£96.566m** - consisting of **£46.533m** for the General Fund and **£50.033m** for the HRA.

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

Service	Original Annual Budget 2014/15 £000	Revised Annual Budget 2014/15 £000	Actual Spend to 30 September £000	Remaining Budget £000
General Fund	59,109	46,533	14,210	32,323
HRA	50,489	50,033	18,677	31,356
<b>Total</b>	<b>109,598</b>	<b>96,566</b>	<b>32,887</b>	<b>63,679</b>

15. Actual spend for the first three months amounts to **£32.887m** – consisting of **£14.210m** for the General Fund and **£18.677m** 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 30 September amounts to £14.210m. The key areas of spend to date have been on Gypsy Roma Travellers sites (£3.570m), Structural Capitalised Maintenance (£2.840m), and the Local Transport Plan (£1.257m). Other areas of the programme are profiled to be implemented during the remainder of the year it is anticipated that the projected outturn at 31 March 2015 will be in line with the revised budget.
17. The HRA programme is being significantly supported with £18.649m of Homes and Communities Agency Decent Homes Backlog Grant funding. In the first six months of the financial year a total of 755 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 Scrutiny Committee is requested to note the contents of this report.

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## **Appendix 1: Implications**

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### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital 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: 2014-15 Housing Revenue Account

	<b>2014/15 Budget</b>	<b>2014/15 Forecast Outturn</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Income</b>				
Dwelling Rents	<b>(64,558)</b>	<b>(64,792)</b>	<b>(234)</b>	a
Non Dwelling Rents: – Garages	(903)	(898)	5	
– Shops/Other	(121)	(121)	0	
Charges for Services and Facilities	(347)	(347)	0	
<b>Total Income</b>	<b>(65,929)</b>	<b>(66,158)</b>	<b>(229)</b>	
<b>Expenditure</b>				
ALMO Management Fee	16,799	16,799	0	
Repairs and Maintenance	4,462	4,462	0	
Supervision and Management - General	4,061	4,061	0	
Supervision and Management - Special	436	436	0	
Rent, Rates, Taxes and Other Charges	410	410	0	
Depreciation and Impairment of Fixed Assets	7,872	7,872	0	
Bad Debt Provision and Debts Written Off	988	988	0	
Debt Management Costs	175	175	0	
<b>Total Expenditure</b>	<b>35,203</b>	<b>35,203</b>	<b>0</b>	
<b>Net Cost of HRA Services per I&amp;E Account</b>	<b>(30,726)</b>	<b>(30,955)</b>	<b>(229)</b>	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	402	0	
<b>Net Cost of HRA Services</b>	<b>(29,239)</b>	<b>(29,468)</b>	<b>(229)</b>	
Interest Payable and Similar Charges	12,627	10,706	(1,921)	b
Direct Revenue Financing (Contribution to Capital)	16,717	18,867	2,150	c
Interest and Investment Income	(105)	(105)	0	
<b>(Surplus)/Deficit for Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	
HRA Reserves	7,154	7,154		
Welfare Reform Reserve	393	0		
Durham City Homes Improvement Plan	650	580		

### Appendix 3: RED Capital Programme 2014-15

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 September £000	Remaining Budget £000
<b>General Fund</b>				
<b>Economic Development &amp; Housing</b>				
Barnard Castle Vision	774	100	291	483
Durhamgate	364	223	28	336
Industrial Estates	509	106	130	379
North Dock Seaham	50	0	0	50
Office Accommodation	1,718	300	503	1,215
Town Centres	3,554	977	750	2,804
Minor Schemes	719	188	167	552
Disabled Facilities Grant /FAP (1)	3,940	1,003	638	3,302
Gypsy Roma Travellers	5,197	3,564	3,570	1,627
Housing Renewal	5,653	1,465	985	4,668
Cricket Club	1,200	800	800	400
<b>Planning &amp; Assets</b>				
Renewable Energy Schemes	827	267	260	567
Structural Capitalised Maintenance	7,005	2,972	2,840	4,165
Woodham Community Tech College	750	2	0	750
Minor Schemes	589	278	197	392
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	3,371	1,309	1,257	2,114
Transport Corridors	2,197	795	571	1,626
Transport Major Schemes	6,900	1,478	993	5,907
Transit 15	400	37	119	281
CCTV	298	187	101	197
Minor Schemes	11	10	10	1
<b>Strategy &amp; Programmes Minor Schemes</b>	507	0	0	507
<b>General Fund Total</b>	<b>46,533</b>	<b>16,061</b>	<b>14,210</b>	<b>32,323</b>
<b>Housing Revenue Account (2)</b>				
Durham City Homes	12,498	5,895	3,629	8,869
Dale and Valley Homes	7,500	3,750	2,534	4,966
East Durham Homes	26,729	13,364	12,454	14,275
Unprogrammed Works	2,644	0	0	2,644
Mortgage Rescue	73	60	60	13
New Build	500	0	0	500
Housing Demolitions & Regeneration	89	6	0	89
<b>Housing Revenue Account Total</b>	<b>50,033</b>	<b>23,075</b>	<b>18,677</b>	<b>31,356</b>
<b>RED Total</b>	<b>96,566</b>	<b>39,136</b>	<b>32,887</b>	<b>63,679</b>

(1) Financial Assistance Programme

(2) HRA actual spend includes accruals for Housing Providers

**Economy and Enterprise  
Overview and Scrutiny Committee**

**8 January 2015**

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



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

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**Purpose of the Report**

- 1 The report provides Members with an update on the progress made in relation to the recommendations contained within the Economy and Enterprise Overview and Scrutiny Committee Members' Reference Group (MRG) report 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 the changes in policy and funding being introduced by Government and how these changes 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 and it was agreed that a small members' reference group would be established to work with officers from the RED Service Grouping looking at the impact of these changes. It was decided that the group would commence activity following the May 2013 election when the membership of the group would be refreshed.
- 3 The report was considered by Cabinet at the meeting on the 7 May 2014. At that meeting Cabinet agreed the recommendations contained within the review report which included a recommendation for a six monthly update on progress against recommendations contained in the report. In addition, the review report was shared with the County Durham Economic Partnership (CDEP) at the meeting on the 3 November, 2014 and it was agreed by the CDEP Board that they would also feed into the update report. It is therefore timely that the progress update is provided to members at the January meeting of the Committee.

## **Terms of Reference of Review**

- 4 During the review evidence was gathered in relation to the impact of changes in funding and policy on the following:
- Scale – How much is affected?
  - Theme – What is 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 mitigate any negative impact of reductions in funding and changes in Government policy.

## **Recommendations of Review**

- 5 The review made 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.

### **Current position**

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

### **Next steps**

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

### **Recommendations**

- 8 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to consider and comment upon the progress made in relation to the recommendations contained in the MRG Scrutiny review report.
- 9 That the Economy and Enterprise Overview and Scrutiny Committee receive a further report detailing progress made against the recommendations contained in the MRG Scrutiny review report at a future meeting.

### **Background papers:**

Members' Reference Group Report.

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## **Appendix 1: Implications**

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**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

OVERVIEW AND SCRUTINY WORKING GROUP REPORT - IMPACT OF PUBLIC SECTOR FUNDING AND POLICY CHANGES ON THE ECONOMY OF COUNTY DURHAM  
 REVIEW OF RECOMMENDATIONS CONSIDERED BY CABINET ON 7 MAY, 2014.

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p><b>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.</b></p>	<p>The Regeneration and Economic Development Service Grouping within the Council and County Durham Economic Partnership, through its Board and Working Groups, identify current challenges and in partnership work together to maximise opportunities to support economic growth. There is a continued commitment to addressing need and opportunities, whilst taking account of the available resources and their effective use, to ensure that impact can be delivered.</p> <p>The CDEP is committed to sharing relevant market intelligence, ensuring effective collaboration, influencing all levels of partnership working and maximising the impact of available resources for the benefit of the local economy. Through an established Data Management Group, the partnership evaluates that <i>we are doing the right things, in the right places and in the right ways.</i></p> <p>The Council and partners commitment to create an Altogether Wealthier county have recognised the long term priority of job creation, with improving the employment rate as its top priority and measure of success. This has been reflected within the refresh of the Sustainable Community Strategy and is a core component to effective investment planning within the RED Service Grouping and within partnership plans.</p>	<p>RED, DCC</p> <p>CDEP partners</p>	<p>Ongoing commitment</p>

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>age 36</p> <p><b>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.</b></p>	<p>Through the Data Management Group a State of the County Report was produced and presented to the CDEP Board on November 3 2014. The report and presentation considered performance against the partnerships' five measures of success and key economic messages.</p> <p>What is clear is that the county has suffered deeper and longer impacts as a result of the recession in comparison to the national picture. Whilst, the county is beginning to witness improvements across the measures of success, there is still a lag, and significant gaps to narrow. There are also areas within the county that have witnessed more acute impacts.</p> <p>By strengthening our assets and investing in our economic infrastructure, as partners we can release the county's potential for growth. With recent developments through the North East Local Enterprise Partnership (NELEP) and the North East Combined Authority, project proposals for Local Growth Funding and the development of the North East European Structural and Investment Funding Strategy, and an incoming government in 2015, it is paramount that as partners within County Durham we continue to strive to achieve our longer term ambition and monitor ourselves against our agreed measures of success.</p> <p>Whilst, these measures of success targets were set prior to the recession they still remain relevant and we need to continue to understand the state of our economy, recognise and track our performance, clearly articulate our top investment priorities and</p>	<p>County Durham Economic Partnership</p>	<p>Ongoing</p>



	<p>approaches to deliver economic growth over the longer term. The Board agreed that the employment rate remain the priority measure.</p> <p>Through its Core Working Groups, the CDEP will continue to add value and work in partnership to tackle the economic issues facing the county. Where possible data intelligence and information sharing is maximised to inform decision making processes.</p>		
<b>Review Recommendation</b>	<b>Progress Report of Action taken to implement recommendation</b>	<b>Resib'ty</b>	<b>Timescale</b>
<p><b>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.</b></p>	<p>As detailed within review recommendation 1), the council and CDEP are committed to this approach. It is important that we take a balanced approach and '<i>do the right things in the right ways</i>' through an informed approach to address both need and opportunity within the county. This is a continual process, within the council through identifying opportunities against need and effectively planning delivery through management and service planning processes.</p> <p>The partnership and the council are committed to stimulating and supporting economic growth within the county. Through job creation initiatives and a careful balance of need/opportunities it is an iterative process to ensure delivery. Through a variety of initiatives the council and partners are taking a multifaceted approach to realise jobs growth whether this is through direct investment of stimulating the market where there is market failure. Initiatives include:</p> <ul style="list-style-type: none"> <li>• Durham City Board with a portfolio of initiatives to exploit the potential opportunities of the city</li> <li>• Local Growth Fund investment to open up sites in Aycliffe for 3,400 additional manufacturing jobs</li> </ul>	RED, DCC	Ongoing commitment

- Horden Railway Station to connect people to labour markets
- Investment in Innovation and expansion of NetPark
- Support to business with potential for growth and additional employment
- Access to finance for business and employment growth
- Future business creation / self-employment programme based on successful Be Enterprising principles
- Allocations of employment land in the County Durham plan
- Co-ordinated efforts to market Durham through events and to exploit business opportunities from higher visitor numbers
- Additional housing to attract more employed people and create demand in the local economy
- Future employability projects, based on recent knowledge of what works
- Support for training, apprentices and higher skills.

The County Durham Business, Enterprise and Skills Working Group continue to consider key issues in line with its strategy and investment development, business growth, and skills and employability. The current Business, Enterprise and Skills Strategy is under review and a new strategy expected within summer 2015. Recognising the strategic challenge of supporting our businesses the BESWG maximises its collective intelligence to ensure we understand the business need and demand and articulate the opportunities for partnership working.

The BESWG has supported the Federation of Small Business (FSB) to ensure the opportunities through the Social Value Act are utilised. Durham County Council

has led the way in examining procurement potential of its services. This work is now being nationally recognised and there will be a partnership opportunity to supporting and developing the local supply chain, as well as wider partner engagement.

The BESWG has also successfully incorporated a cross partnership Education & Business Board. Building on agreed actions the board is currently securing wider membership and examining resource implications and activities set against agreed SMART actions.

The County Durham Housing Forum continues to consider a range of issues that impact upon the economy including, welfare reform, housing need, affordable homes and community safety. The current Housing Strategy is currently being reviewed and refreshed by partners and is due to be implemented from April 2015. This strategy will address the right balance of need and opportunity, ensuring we take the right approach to meeting our housing growth ambitions through the development of the County Durham Plan and tackling more housing standards and social issues.

The Council and partners continue to support and cement the triage process to help minimise the impact of this welfare reform agenda upon our residents. The triage approach was established with partners in April 2013 and provides advice and guidance or signposting of housing customers to relevant organisations in three key areas; housing needs, debt advice and welfare benefits and employability. This includes support for customers in making an application for a Discretionary Housing Payment (DHP), (DHP are made by the Council to people who need assistance with their

	<p>housing costs). During 2013/14 8407 people were interviewed as part of the joint triage process and all partners have agreed the importance of the triage going forward. During Quarter 1 2014/15 over 600 people were triaged; approximately 700 discretionary housing payment (DHP) applications were processed and 450 new awards were made for DHP.</p> <p>A review of the Triage process is underway, including how to improve employability and Housing Forum partners are committed to embedding this process further within their own organisations. A workshop on employability was held in October 2014 with Registered Housing Providers which looked at current inconsistent practices and how this could be improved. Notes are being collated and further discussion with providers is taking place.</p>		
<b>Review Recommendation</b>	<b>Progress Report of Action taken to implement recommendation</b>	<b>Resib'ty</b>	<b>Timescale</b>
<p><b>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 for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.</b></p>	<p>The CDEP have taken a multi-faceted approach to stimulating and supporting economic growth opportunities within the county by informing wider strategy development through the North East Combined Authority and NELEP, informing policy development and working in partnership more locally through the Durham Investment Group and its EU workstreams to develop the outline EU Investment Plan for the county.</p> <p>Partners continue to meet to discuss latest government guidance and feedback, progress with workstream areas of activity, approaches to business engagement and the European Structural Investment Fund Committee. A workstream update report was presented to the CDEP Board in November 2014 to illustrate the breadth of activity that is being considered</p>	CDEP	Ongoing commitment

via partners. Core activity has included the Social Inclusion conference held in September 2014 with over 160 partners in attendance and continued communication with the North East Local Enterprise Partnership at both individual and group level.

The CDEP's Vice Chair is now a member of the Shadow North East ESIF Sub Committee (subcommittee of the National Growth Board), in recognition of County Durham's Transition Region status and the CDEP's advisory capacity. The Committee's inaugural meeting was on December 5 2014 and has an important role to endorse the approach and allocation of European Structural and Investment Funds across the NELEP area for the next EU Programme 2014-20.

The UK's Partnership Agreement has now been agreed with the European Commission. This is the high level strategy, which sets out how European Structural and Investment Funds will be spent across the UK. The more detailed Operational Programmes for ERDF and ESF for England are now being negotiated with the Commission, working through the detail of each priority axis, agreeing the activities to cover as well as the results, outputs and financial targets. The outcome of these negotiations may have further implications for County Durham depending on the detail that is included in the Operational Programme, in particular to around activities relating to ICT, flood mitigation, business premises, outputs to reflect capital investment and the description for YEI. Partners are working closely with colleagues in DCLG locally and feeding in comments nationally, through a range of mechanisms, to ensure these negotiations are informed of issues that will have an impact locally.

	<p>The programme management and approval mechanisms are still being determined through Government negotiation with the EU. It is becoming evident that the EU do not recognise the role of LEPs in the Governance of the programme, which is putting doubt over the UK Government's strategy to date of giving LEPs a strong role in endorsing local projects in accordance to local strategic fit. The precise role of the LEP level local sub committees remains uncertain.</p> <p>The Government have revised their estimates of a start date for the programme back from Spring to Summer 2015. This may have implications for the continuation of particular activities currently being funded through ERDF and ESF from the 2007-2013 programmes. There are a number of emerging risks to the programme, including the impact of prolonged delays to the start of the programme. Other keys risks include that Government Departments are proving unable confirm the level of support for key "opt in" arrangements, putting doubt over co financing of certain elements of the Youth Employment Initiative (YEI) programme. The Government has also confirmed that the MAS, Growth Accelerator and UKTI opt-ins are no longer on offer, however these will be taken forward as distinct projects instead.</p> <p>Internally processes within the council have been established to ensure managers are kept briefed of the opportunities available through future EU resources and internal project development/approval processes are in place.</p> <p>The council is working with the North East Local Enterprise Partnership and North East Combined Authority to not only inform policy development but support project development and project appraisal across the NELEP area. Particular focus has been on</p>		
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	the development of projects to access 2015/16 Local Growth Fund resources.		
<b>Review Recommendation</b>	<b>Progress Report of Action taken to implement recommendation</b>	<b>Resib'ty</b>	<b>Timescale</b>
<b>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.</b>	<p>The CDEP and RED agree to provide timely update reports on the programme of the EU funding programme 2014-2020.</p> <p>Economy and Enterprise Overview and Scrutiny Committee received an update on 30<sup>th</sup> October 2014 and the next update is scheduled for 20<sup>th</sup> February 2015.</p>	RED, Strategy, Programmes and Performance	Regular ongoing updates
<b>Review Recommendation</b>	<b>Progress Report of Action taken to implement recommendation</b>	<b>Resib'ty</b>	<b>Timescale</b>
<b>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 7<sup>th</sup> April, 2014.</b>	Update position provided within this report.	RED, Strategy, Programmes and Performance	Six monthly

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**Economy and Enterprise  
Overview and Scrutiny  
Committee**



**8 January 2015**

**Housing Strategy - Overview**

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

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the Housing Strategy prior to an overview presentation by Graeme Smith, Principal Policy Officer.

**Background**

- 2 Members will recall that at the Economy and Enterprise Overview and Scrutiny Committee held on the 23 June, 2014 the work programme for 2014/15 was agreed. One of the areas identified for inclusion under the 'Altogether Wealthier' priority theme within the Council Plan was the development of the Housing Strategy for County Durham.
- 3 Arrangements have therefore been made for Graeme Smith, Principal Policy Officer to attend the committee meeting on the 8 January 2015 to provide an overview presentation focusing on:
  - The policy context in which the Housing Strategy is being developed;
  - The evidence base underpinning the Housing Strategy; and
  - The proposed structure and scope of the Housing Strategy.

**Housing Strategy**

- 4 The Council is responsible for producing and enabling the delivery of Durham's Housing Strategy which will set out the key priorities for the County. The Strategy will highlight how the Council and partners will deliver the ambition of 'creating sustainable places where people want to live, work, visit and invest'.
- 5 The Strategy captures the key issues which need to be addressed and the key activities that will be taking place to address them. The Council has put housing, regeneration and economic development at the forefront of the priorities for creating an 'Altogether Better', Durham. The County Durham Regeneration Statement has been refreshed setting out the ambition to create sustainable places where people want to live, work, invest and visit.

## The Current Housing Strategy

- 6 The current Housing Strategy, *Building Altogether Better Lives: A Housing Strategy for County Durham* was developed to set out the housing expression of the County's Sustainable Community Strategy and the Regeneration Statement. The current Housing Strategy covers the period 2010 - 2015. The Strategy was developed around three objectives with ten related issues and was supplemented by four cross cutting issues. Table 1 sets out the structure of the current Housing Strategy.

*Table 1: Structure of Housing Strategy 2010 - 2015*

Thematic Aims	Issues
<i>Altogether Better</i> Housing Market	Housing Growth – More Homes
	New Affordable Housing – tackling affordability hotspots
	Rural Affordable housing
	Executive Housing
	Better Balanced Housing Markets – Regeneration and Renewal
<i>Altogether Better</i> Housing Standards	Better Existing Homes
	Better New Homes
<i>Altogether Better</i> at Housing People	Better Housing Management
	Better at Housing Vulnerable Groups
	Better Access to Affordable Housing
Cross cutting issues	Health Impact
	Equality and Diversity
	Social Inclusion
	Value for Money

- 7 The current Housing Strategy is supplemented by an Action Plan which is owned and managed by the County Durham Housing Forum.

## The Housing Strategy 2015 -2020

- 8 The new Housing Strategy is being developed to cover the period 2015 – 2020. This document seeks to build upon the current Housing Strategy, making use of the most up to date evidence base and policy context. The Housing Strategy will be based on a refreshed set of strategic aims and objectives and a range of more detailed and up to date housing issues. The Housing Strategy will be supplemented by an Action Plan to be updated annually.
- 9 The Housing Strategy will be developed to support the delivery of the Council's responsibilities as a Strategic Housing Authority. The Strategy will reflect the impact of the Large Scale Voluntary Transfer upon the Council's future role and activities. Importantly, the new Housing Strategy will provide a means to influence and align housing delivery in partnership with Registered Providers.

## Policy Context

- 10 The Housing Strategy will seek to reflect existing policy content where ever relevant to provide an overarching strategy for housing related activity. This will serve to ensure that the Housing Strategy and related Action Plan reflect all relevant housing related activities. It is noted therefore, that in relation to a number of issues the Housing Strategy will reflect existing strategies and related actions and will supplement existing activities. The Housing Strategy sits below the overarching policy context as set out in Table 2

*Table 2: Policy Framework for the development of the Housing Strategy*

<b>Policy Tier</b>	<b>Document</b>
National	Laying the Foundation: A Housing Strategy for England
	Other policy statements
Sub national	North East Local Enterprise Partnership Strategic Economic Plan
	North East Combined Authority Planning & Housing
Durham County Council	Sustainable Communities Strategy
	County Durham Regeneration Statement
	County Durham Plan

## Evidence Base

- 11 There is a wealth of evidence in place to develop the Housing Strategy. Much of this has been developed and brought up to date to support the Examination in Public on the County Durham Plan. Through discussions with other teams across the Council the development of the Housing Strategy has also served to bring together other relevant evidence and data.
- 12 In seeking to ensure that the Housing Strategy captures the range of housing related policy, evidence and activities being undertaken by Durham County Council, 'Issue Development Groups' were formed to identify contextual information, evidence gaps and to scope the potential content of the strategy. These groups contain representatives from a range of teams across the Council, including:
- Spatial Policy;
  - Housing Solutions;
  - Housing Regeneration;
  - Planning Development;
  - Environment and Design;
  - Research and Consultation;
  - Commissioning;
  - Employability;
  - Resources;
  - Assets; and
  - Public Health.
- 13 Members of these teams have fed into discussions in order develop the evidence base for the Housing Strategy.

## The Proposed Structure of the Housing Strategy

- 14 In considering the structure of the current Housing Strategy, and the overarching themes of 'Markets, Standards and People'. It was considered that this framework would benefit from moving away from Housing Markets and towards Housing Delivery as a strategic aim. This better reflects the Council's housing related activity in seeking to support and influence housing delivery. In addition, 'Delivery and Standards', have been combined as an overarching place based aim. The 'People' theme is to be renamed 'Housing Support' which reflects the current and future activities within the Housing Strategy Action Plan.
- 15 Under the two strategic level Aims, the Housing Strategy will contain a series of Objectives. These objectives will be supported by more detailed issues. The proposed framework for the development of the Housing Strategy 2015 – 2020 is set out at Table 3.

*Table 3: Proposed Structure of Housing Strategy*

<b>Aims</b>	<b>Objectives</b>
<i>Altogether Better</i> Housing Delivery and Standards	Delivery of More Homes
	Improvement of Housing Stock
<i>Altogether Better</i> Housing Support	Housing Support for older and vulnerable people
	Tackle wider social and economic causes of homelessness and financial hardship – anti poverty
	Access to housing

- 16 The Housing Strategy will be delivered in partnership between Durham County Council, Registered Providers and other relevant stakeholders. Revised partnerships will be formed alongside the development of the Action Plan to ensure they are aligned to emerging delivery priorities. These Aims and Objectives may evolve as the Strategy develops and as a result of stakeholder consultation undertaken through the internal and external workshops undertaken in December 2014 and January 2015 respectively.

## Overview Project Plan

- 17 The current Housing Strategy and associated Action Plan runs until March 2015. The Housing Strategy 2015 – 2020 will be developed to provide direction from March 2015. As set out previously, the County Durham Plan will influence a substantial portion of the Housing Delivery and Standards components of the Housing Strategy. It is recognised that it would be premature to finalise the Housing Strategy prior to the Inspectors report. On this basis, it is proposed that the Housing Strategy will be held in 'Final Draft' form, until the Inspectors report is received. The overview Project Plan is set out at Table 4

*Table 4: Overview Project Plan*

<b>Date</b>	<b>Milestone</b>	<b>Output</b>
5 <sup>th</sup> December 2014	Internal Workshop with DCC issues development groups	Bring together evidence and confirm Housing Strategy Framework
8 <sup>th</sup> January 2015	Economy and Enterprise Overview and Scrutiny Committee	Discussion on Housing Strategy scope of evidence, proposed framework for development.
15 <sup>th</sup> January 2015	Partnership Workshop on Housing Strategy	Discussion on evidence base and Housing Strategy Framework and emerging content with partners
22 <sup>nd</sup> January 2015	Housing Forum Meeting	Confirm partnership support on Housing Strategy Framework and draft content
30 <sup>th</sup> January 2015	Finalise Housing Strategy Draft	Publish Draft Housing Strategy
11 <sup>th</sup> February 2015	Strategic Planning Board	Update on Housing Strategy development
20 <sup>th</sup> February 2015	Economy and Enterprise Overview and Scrutiny Committee	Discussion on outputs of partnership engagement and emerging content.
February 2015	Planning and Assets Management Team	Approval for RED Management Team
March 2015	RED Management Team	Approval for Cabinet
27 <sup>th</sup> March 2015	Finalise Housing Strategy Action Plan	Publish Action Plan
May 2015	IPG	Approval for Cabinet
June 2015	Cabinet Approval	

### **Next steps**

- 18 The next step in the development of the strategy is to move towards development of the content of the Strategy alongside engagement with the partners. This will also support the development of the Action Plan and associated delivery partnerships.
- 19 It is programmed to provide a presentation to the Economy and Enterprise Overview and Scrutiny Committee on the 20 February 2015 to set out the feedback from partners and to provide an update on the development of the Strategy.

### **Recommendations**

- 20 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided during the presentation.
- 21 That the Economy and Enterprise Overview and Scrutiny Committee receive a further report detailing feedback from partners and providing an update on the development of the Strategy at the meeting on the 20 February 2015.

## **Background Papers:**

The Current Housing Strategy - Building Altogether Better Lives: A Housing Strategy for County Durham 2010 – 2015. Issues & Options Paper: Consultation Version June 2010

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** –None

**Risk** – None

**Equality and Diversity** – Equality and Diversity is identified as an issue under the Cross Cutting Themes as part of the existing Housing Strategy. It is proposed that Equality and Diversity will be retained as an issue within the new Housing Strategy.

**Accommodation** - None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – The Housing Strategy in part, reflects existing Plans. These plans have been subject to publicity and consultation as part of production. The Housing Strategy will be developed within input from partners and will be delivered in partnership with key stakeholders.

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**8 January 2015**



**Durham Key Options (DKO)  
Update:**

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**Report of Ian Thompson, Corporate Director, Regeneration and  
Economic Development**

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**Purpose of the Report**

1. This report is to update the Economy and Enterprise Overview and Scrutiny Committee on the performance of Durham Key Options (DKO) Choice Based Lettings.

**Background**

2. Durham Key Options is a choice based lettings (CBL) scheme. CBL is a way of enabling people looking for a home to bid for available properties that are advertised in their chosen areas.
3. Durham Key Options began in 2009 merging the old district boroughs regions under the same lettings scheme to make social housing more affordable and easily accessible for applicants. The scheme has continued to grow and develop delivering a high standard to customers, with all partners following one policy for assessments of housing need and allocations. The partners consist of:
  - Accent Foundation (full partner since April 2013)
  - Cestria Community Housing Association (full partner since 2010)
  - Dale and Valley Homes
  - Derwentside Homes
  - Durham City Homes
  - East Durham Homes
  - livin
  - Teesdale Housing Association
4. CBL is a move away from the old style housing register where length of time on the register was the main indicator as to preference given to applicants for housing. Only those in the most urgent of need could access social housing without 'waiting their turn' on the register.

5. DKO operates by awarding priority banding based on individual housing assessments but also by advertising a smaller proportion of properties directed to those in lower bands, to ensure sustainable communities, high customer satisfaction across all housing needs, and to support housing partners with void re-let issues.

6. The Bands are as follows:

#### **Band A**

Applicants within this band will receive priority for all eligible properties in the first instance as follows:

- Regeneration schemes within County Durham
- Urgent medical reasons
- Priority transfers (full DKO partner only)

#### **Band B**

- Applicants Overcrowded by at least two bedrooms
- Applicants who are under occupying by two or more bedrooms (full DKO partner only)
- Applicants who need to move due to high medical need as outlined in Appendix 2 of this policy
- Homeless applicants – accepted as statutorily homeless with a full duty to be housed
- Applicants living in intensive supported housing where their support plan identifies that they are ready to move on into an independent tenancy
- Care Leavers

#### **Band C**

- Applicants occupying unsanitary, overcrowded (one bedroom short of requirements) or otherwise unsatisfactory housing
- Applicants who are under occupying by one bedroom (full DKO partner only)
- Applicants who need to move due to medical or welfare grounds in accordance with the medical framework for medical priority found in Appendix 2 of this policy
- Applicants with a connection to the armed forces (if they do not fall within the criteria of the homelessness legislation) and fall into one of the following categories:

- Discharged from the armed forces within the preceding five years and have served three years or longer, or who have been medically discharged (excluding those dishonourably discharged)
- Current armed forces or current/ former reserve forces and *have been injured in service and this injury has resulted in existing accommodation being unsuitable.*
- Widowed/widowers/civil partners of a member of the armed forces killed in service and are *moving for the first time due to the death of their partner.*
- Applicants who need to move to a particular locality to avoid hardship
- Non-statutory homeless

#### **Band D**

- Applicants wishing to live independently with no other housing need
- Applicants needing larger accommodation (outside of the overcrowding criteria) with no other housing need
- Relationship breakdown with no other housing need
- Applicants threatened with homelessness within three months, in order to prevent actual homelessness

#### **Band E**

- Applicants who are adequately housed and have no housing need

7. To ensure all applicants are allocated accommodation across the bands, the follow quota system is in operation. Band A – priority for all property. Band B 45%, Band C 40% and Band D 15%.

#### **Performance:**

8. There are currently (December 14)14,190 applications on Durham Key Options with 11,957 active and able to bid. This compares to 15,457 in April 2014 with 11,385 of those active.
9. The table below shows the number by partner where the application is active (able to bid) pending enquires (for example, waiting information form the applicant to progress the application) or suspended, due to rent arrears or anti-social behaviour etc.

### Register on 01/12/14:

Durham Partner To Process	Active	Pending enquiries	Suspended	Grand Total December 14	Total April 14	% + -
<b>Accent Foundation</b>	50	3		53	74	-28.37
<b>Cestria Community Housing Association</b>	1621	456	12	2089	2172	-3.82
<b>Dale and Valley Homes</b>	1352	243	6	1599	2088	-23.41
<b>Derwentside Homes</b>	2501	648	5	3152	2764	+14.03
<b>Durham City Homes</b>	1908	209	60	2124	2248	-5.51
<b>East Durham Homes</b>	2381	180	7	2564	3130	-18.08
<b>livin (Formerly SBH)</b>	1847	425	28	2273	2611	-12.94
<b>Teesdale Housing Association</b>	297	39	10	336	367	-8.44
<b>Grand Total</b>	11957	2196	128	14190	15457	-8.19

10. The table above shows the register has decreased by 8.19% (15457 to 14190) over the period April 14 to December 14 with Dale & Valley Homes seeing the largest decrease (-23.41%) and Accent Foundation (-28.37%); although with only 53 current applicants down from 74. Derwentside Homes has been the only provider with an increase (+14.03%) to 3152 from 2,764.

11. Whilst a decrease may be surprising it is as a consequence of the introduction of the new allocations policy, including the need for applicants to register annually and limited to three refusals of bids. This has resulted in a slightly smaller yet more active and accurate scheme, with 572 more active applicants on the scheme in December 2014 compared to April 2014.

12. The table below shows the number of applicants by partner active on the 1<sup>st</sup> December 2014 by Band. It is noted that the majority of applicants have been banded within the 'additional or reasonable preference' bands. These are applicants where their housing need, by law, must be reflected in the priority given for social housing. These are applicants allocated Bands A, B, C, accounting for 7,294 of the 11,885 active applicants.

### Register 01/12/14 by band (Active state only)

Durham Partner To Process	A	B	C	D	E	Grand Total
Accent Foundation		1	14	5	30	50
Cestria Community Housing Association	36	178	610	284	506	1614
Dale and Valley Homes	15	111	568	199	445	1338
Derwentside Homes	79	201	983	335	885	2483
Durham City Homes	54	226	612	404	604	1900
East Durham Homes	23	187	866	350	938	2364
livin (Formerly SBH)	69	231	692	295	555	1842
Teesdale Housing Association	5	16	85	60	128	294
<b>Grand Total</b>	<b>281</b>	<b>1151</b>	<b>4430</b>	1932	4091	<b>11885</b>

13. The table on the following page shows a breakdown of active applicants, by partner and by Band. The Banding of applicants across the partnership shows a clear uniformity across the bands with only marginal differences within the reasonable and additional preference groups.

14. Each partner is subject to annual Banding Reviews (audits) by the Housing Solutions Core Team to ensure that partners are applying the assessment of applicants housing needs in line with the allocation policy. This overview, underpinned by an Operational Steering Group, ensures equity across the partnership in the application of the Council's allocations policy.

Register by banding reason, Active state only (01/12/14)

Banding Reasons	Accent	Cestria	DVH	Derwentside	DCH	EDH	livin	Teesdale	Grand Total	% of register
Regeneration scheme within County Durham		24	1	2		1	10	2	40	0.3%
Urgent medical reasons		23	14	73	59	27	52	7	255	2.2%
Priority transfers				1	5		4		10	0.1%
<b>Band A</b>	0	47	15	76	64	28	66	9	305	2.6%
% of partner assessments in band	0.0%	15.4%	4.9%	24.9%	21.0%	9.2%	21.6%	3.0%		
Accepted as statutorily homeless		4	3	2	7	9	2		27	0.2%
Need to move due to high medical need	1	112	84	147	138	101	186	15	784	6.6%
Overcrowded by at least two bedrooms		28	9	22	29	33	18	3	142	1.2%
Under Occupying by two bedrooms (full DKO partner)		29	13	16	13	30	9	3	113	1.0%
Care leavers		1	3	5	5	3	2	2	21	0.2%
Living in intensive supported housing		15	7	1	29	7	4		63	0.5%
<b>Band B</b>	1	189	119	193	221	183	221	23	1150	9.7%
% of partner assessments in band	0.1%	16.4%	10.3%	16.8%	19.2%	15.9%	19.2%	2.0%		
Move to a locality to avoid hardship		28	7	53	29	23	13	4	157	1.3%
Non statutory homeless		6	11	16	8	13	8		62	0.5%
Need to move on medical or welfare grounds	6	338	410	665	373	640	470	76	2978	25.2%
Occupying unsanitary, overcrowded or unsatisfactory housing	1	120	84	152	130	162	126	7	782	6.6%
Under Occupying by one bedroom (full DKO partner)	4	92	49	67	71	92	76	11	462	3.9%
Leaving the armed forces and you do not fall within homelessness legislation			1	6	5	4	1		17	0.1%
<b>Band C</b>	11	584	562	959	616	934	694	98	4458	37.8%
% of partner assessments in band	0.2%	13.1%	12.6%	21.5%	13.8%	21.0%	15.6%	2.2%		
Threatened with homelessness within three months		27	18	41	27	13	5	17	148	1.3%
Relationship breakdown with no other housing need	1	41	38	54	91	54	37	6	322	2.7%
Need larger accommodation with no other housing need	1	37	29	17	51	48	41	7	231	2.0%
Wishing to live independently with no other housing need	3	177	104	216	233	257	195	23	1208	10.2%
<b>Band D</b>	5	282	189	328	402	372	278	53	1909	16.2%
% of partner assessments in band	0.3%	14.8%	9.9%	17.2%	21.1%	19.5%	14.6%	2.8%		
<b>Band E: Adequately housed and have no housing need</b>	24	498	423	871	587	909	538	124	3974	33.7%
% of partner assessments in band	0.6%	12.5%	10.6%	21.9%	14.8%	22.9%	13.5%	3.1%		
<b>Grand Total</b>	<b>41</b>	<b>1600</b>	<b>1308</b>	<b>2427</b>	<b>1890</b>	<b>2426</b>	<b>1797</b>	<b>307</b>	11796	<b>100.0%</b>
Reasonable preference assessments	8	659	622	1130	773	1008	875	112	5187	44.0%
Reasonable preference %	19.5%	41.2%	47.6%	46.6%	40.9%	41.5%	48.7%	36.5%		
Difference from partnership %	-24.5%	-2.8%	3.6%	2.6%	-3.1%	-2.4%	4.7%	-7.5%		

15. As of the 1<sup>st</sup> December 2014 89% of the register we eligible to bid for 2 bed roomed property and 65% for 1 bed. The table below shows the number of people housed through Durham Key Options during 2013/14.

**Number of people rehoused through DKO in 2013-2014:**

<b>Band</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>4 Bed</b>	<b>Grand Total</b>
<b>A</b>	83	243	20	3	349
<b>A+</b>		2			2
<b>B</b>	218	423	134	21	796
<b>B+</b>		1			1
<b>C</b>	500	1005	514	37	2056
<b>C+</b>	7	16	3		26
<b>D</b>	115	476	264	5	860
<b>E</b>	129	362	453	1	945
<b>F</b>	3	4	3		10
<b>Grand Total</b>	1055	2532	1391	67	5045

*Nb. Bands A+, B+, C+ and F ended on 11/04/13*

16. 5,045 people were housed by Durham Key Options during 2013/14.

The majority (2056) housed within Band C with 2,532 - 2 bed properties being the most let property type. Livin provided the largest number of properties let (1,080) followed by East Durham Homes (977) and Derwentside Homes (716). There has been a 5.6% increase in people housed over the year in comparison to the previous 12 months.

17. The annual lets to reasonable preference groups was 54%- a drop from previous year (63%) that is partly accounted for by the inclusion of Under Occupation banding in April 2013 for those with spare bedrooms (this is not a reasonable preference group). Whilst 65% of the register is eligible for 1 bed property (9,210 applicants – as applicants can be eligible for a number of property types) only 1055 1 bed properties were let over the period.

18. Within the partnership existing tenants are also able to transfer from one property to another social housing tenancy. The table on the following page show the number and type of transfers during 2013/14. In total 1,520 tenants transferred. 183 moved from a 2 bed property to a 1 bed property and 106 from a 3 bed to a 1 bed, showing those downsizing. However, there we also 98 upsized from a 1 to a 2 bed and 208 from a 2 to a 3 bed.

## Number of transferring social tenants in County Durham 2013-14

No Of Bedrooms Main App Current occupying	Bed size moved to				Grand Total
	1 Bed	2 Bed	3 Bed	4 Bed	
unknown	13	5	6		24
1	108	98	5		211
2	183	277	205	2	667
3	106	257	197	22	582
4	7	16	10	3	36
<b>Grand Total</b>	417	653	423	27	1520

19. The rent lost due to void (empty homes) against total rent debit 13/14 stood at £3,588,469.06 across the partners as can be seen below. The partnerships target for rent loss is 2% for 13/14 with performance at +0.12%. However, it should be noted that performance last year was 1.2% and over the period Discretionary Housing Payments fund allocated to Durham County Council has increased to £1.2 million to offset rent loss due to the under occupation charge.

Provider:	Void loss	Rent debit	%
Accent	£426,623.28	£48,14235.77	8.86%
Cestria	£380,777.16	£30,373,786.23	1.25%
Dale and Valley	£804,574.50	£28,601,622.15	2.81%
Derwentside Homes	£486,914.00	£27,872,410.00	1.75%
Durham City Homes	£322,632.61	£21,521,884.88	1.50%
East Durham Homes	£437,833.51	£28,480,242.27	1.54%
livin	£686,532.00	£24,431,743.77	2.81%
Teesdale	£4,2582	£31,683,94.00	1.34%
<b>Total</b>	£3,588,469.06	£169,264319.07	2.12%

### Summary:

20. Over the past year the partnership has successfully implemented the new allocations policy to reflect the additional and reasonable preference groups. From April to December 2014 the number registered on the scheme has decreased by 8.19% to 14,190 with 11,957 active to bid for a new home. Over the period however, 5,045 people have been housed an increase of 5.6% on the 2012/13.

21. Whilst this report has focused on updating members on the activity of social housing providers within the Durham Key Options Scheme, work continues to expand the scope of the scheme to offer a mix of housing options. Over the period this has included developing partnerships with private landlords with 54 now engaged and advertising properties via Durham Key Options, and increase from only 8 in 2012/13. This will assist in further development plans in 2015 linking Landlord Accreditation and support to the allocation of Private Rented Sector Homes within Durham Key Options in partnership with colleagues in the Private Sector Housing Initiates Team.



## **Recommendations**

22. Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided within the report.

23. That the Economy and Enterprise Overview and Scrutiny Committee receive a further update report at a future meeting of the Committee.

## **Background papers**

Economy and Enterprise Overview and Scrutiny Committee – Update report  
On DKO – 21 October 2013.

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** –None

**Risk** – None

**Equality and Diversity** – None

**Accommodation** - None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None

**Economy and Enterprise  
Overview and Scrutiny Committee**



**8 January 2015**

**Quarter 2 2014/15  
Performance Management Report**

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

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**Purpose of the Report**

1. To present progress against the council's corporate basket of performance indicators (PIs) for the Altogether Wealthier theme and report other significant performance issues for the second quarter of 2014/15 covering the period July to September 2014.

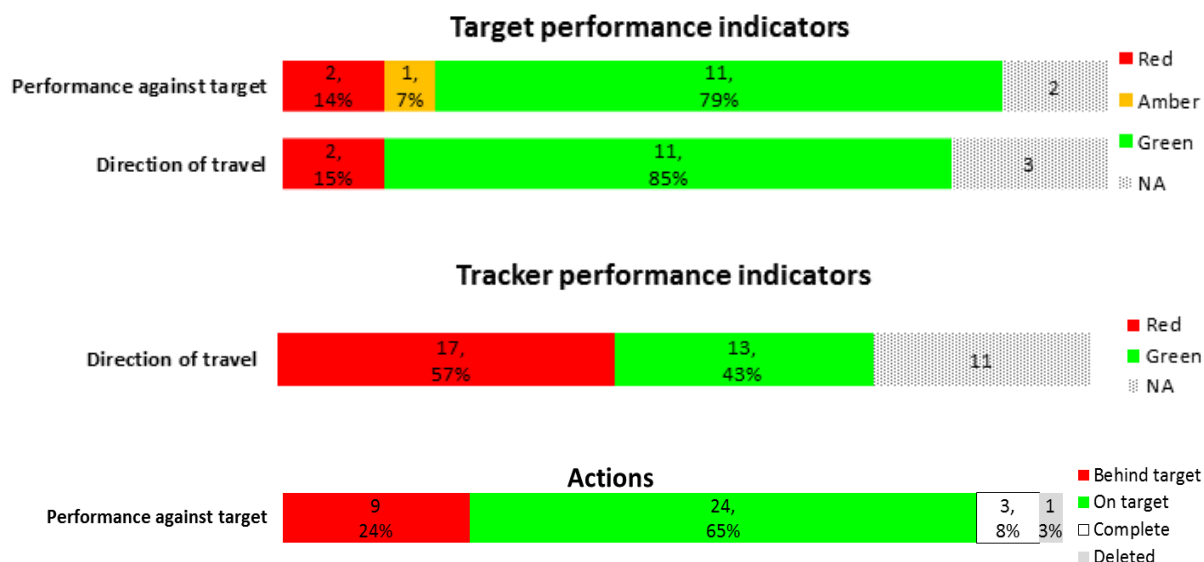
**Background**

2. The report sets out an overview of performance and progress by Altogether Wealthier 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 (see Appendix 3, table 1); 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 (see Appendix 3, table 2).
3. The report continues to incorporate a stronger focus 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.

**Developments since Last Quarter**

4. A corporate performance indicator guide has been produced which provides full details of indicator definitions and data sources. This is available to view from the intranet or can be requested from the Corporate Planning and Performance Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk).

## Altogether Wealthier: Overview



## Council Performance

### 5. Key achievements this quarter include:

- a. The number of affordable homes delivered in quarter 2 (120) is better than the target (80) and performance 12 months earlier (78). In addition to this, 93 units were delivered through the Help to Buy scheme. Following discussions with the Homes and Communities Agency, this scheme is not classed as affordable housing. As these were included in the figure reported at quarter 1, the figure for last quarter has been revised from 117 to 37. The total number of affordable homes delivered since April is 157, which remains higher than the corresponding period last year (138). The annual target of delivering 400 affordable homes remains unchanged as the service is confident that this will be achieved.
- b. Since April, 61 empty properties have been brought back into use as a result of council intervention. This has exceeded the target of 43 and performance for the same time last year, when 52 properties had been improved. Officers are working with owners to bring a further 158 properties back into use.

The Council Plan action to bring empty homes back into use through a targeted approach of environmental improvements and energy efficiency measures has been delayed from March 2015 until September 2015. An environmental improvement schedule including small scale property improvement works concentrated on the cluster localities of West Chilton and Dean Bank. Resident and member consultation took place with both schemes requiring at least 80% sign up from residents. Sufficient sign up was not achieved to enable the Chilton scheme to be progressed. The Dean Bank works will go ahead and are due to commence in January 2015. The slight delay has been due to realignment of project.

- c. Provisional data for the 2013/14 academic year indicate that the overall success rate of adult skills funded provision was 88.2%, which is an improvement from 85.9% in the previous academic year. Performance exceeds the 86% target and is better than the latest national benchmarking for the 2012/13 academic year (83.5%).
- d. A further 53 apprenticeships have been started through Durham County Council schemes this quarter. This brings the total since April to 90, achieving the profiled target (90) and exceeding performance for the corresponding period last year (71).
- e. The number of business enquiries handled, which is dependent upon businesses contacting Business Durham, has increased significantly from 237 last quarter to 403 this quarter, which exceeded the target of 300. There were also 263 pro-active business engagements during the quarter, including support for individual companies and engagement through the business park communities. Performance is better than the target of 180 and the corresponding period last year (104).
- f. Tracker indicators show:
  - i. This quarter 1,290 applications registered through Durham Key Options have resulted in rehousing. Performance has increased slightly from 1,228 at quarter 1 and 1,224 from the corresponding period last year (see appendix 4, chart 2).
  - ii. The number of County Durham residents per 100,000 population aged over 18 starting a first degree has increased slightly from 161.4 in the 2011/12 academic year to 162.2 in 2012/13. This is better than the North East rate of 148.53 however is worse than the England rate of 218.2.
  - iii. Homeless indicators show that there has been a reduction in presentations, applications and acceptances to the Housing Solutions Service from quarter 1 to quarter 2, although the number of preventions has declined.

As reported in quarter 1, prior to 2014/15 only presentations from the Housing Advice and Prevention Team were included in these indicators. Following the restructure of the Housing Solutions Service, presentations are now also being reported for the Family Intervention Project, Family Wise, Home Improvement Agency and the Private Sector Initiatives Team. Data reported prior to quarter 1 is now not comparable. Quarter 2 data show:

- The number of presentations has fallen from 2,611 last quarter to 2,376 this quarter.
- The proportion of statutory housing solutions applications has improved, reducing from 7.8% (202 applications) in quarter 1 to 7.2% (172 applications) in quarter 2.

- The level of acceptances of a statutory duty has improved slightly, reducing from 2.4% (62 acceptances) last quarter to 2.2% (51 acceptances) this quarter.
  - The proportion of preventions has decreased from 15% (391 preventions) in quarter 1 to 13.6% (322 preventions) in quarter 2.
- iv. The proportion of council owned housing that is empty has improved, reducing from 1.9% in quarter 2 2013/14 to 1.5% (267 properties) this quarter. There are 30 properties that are not available to let and have been empty for six months or more, equating to 0.16% of council owned housing. This is better than the corresponding period last year (0.19%) but has increased from last quarter (0.13%).
- g. Progress has been made with the following Council Plan and service plan actions:
- i. The County Durham Plan, due for completion by September 2015 and stage one of the Examination in Public completed in November 2014. The programmes for stages two and three of the examination (which includes the Community Infrastructure Levy Charging Schedule) are not yet set but are still expected to run into early 2015.
  - ii. The preferred option for the future of council housing across County Durham is to be pursued by March 2015. Following Cabinet agreement to proceed to the second stage of the formal consultation, a ballot of all secured and introductory tenants was undertaken. 11,316 tenants cast a vote (51.2% turnout). 82% (9,149) of the valid vote (11,159) voted yes to the transfer proposal, which was ratified by Cabinet who agreed to progress with the transfer of its housing stock and related assets. Representatives from the council and the proposed new group of landlords will now work together along with advisers from both sides to develop a transfer agreement.
  - iii. The Gypsy Roma Traveller sites at Adventure Lane, West Rainton; Green Lane, Bishop Auckland; Tower Road, Stanley and Drum Lane, Birtley are being developed. Refurbishment is underway at Green Lane, Bishop Auckland. Although the programme is running slightly behind, elements of the programme are now running in tandem in order to recover the time to enable completion for the expected date of January 2015. Work has been completed on the refurbishment of Drum Lane, Birtley and the handover of the site has been undertaken.
  - iv. The Digital Durham superfast broadband roll out project won Collaborator of the Year at the BT Dynamites 14 Awards for technology in the North East. Digital Durham was described as a unique and complex programme due to the involvement of ten councils and the nature of BT's infrastructure. The Government's Broadband Delivery UK Broadband Projects Assurance Board carried out its six monthly assurance on the programme in September and reported a high level of confidence that the required level of contract management is in place for the Digital Durham project.

6. The key performance improvement issues for this theme are:
- a. This quarter 346 potential jobs have been created through projects with existing businesses, working with tenants and two further inward investment developments (at Seaham and Lanchester). However performance failed to achieve the quarterly target of 600. Together with the two inward investments reported last quarter, the number of potential jobs created since April stands at 860, however this is less than the profiled target of 1,200. This includes the country's first digital only bank, Atom Bank, which has decided to establish its headquarters in the Durham Aykley Heads area.
  - b. Tracker indicators show:
    - i. As at September 2014, the employment rate has shown slight improvement again, rising from 66.2% (225,600 people) last quarter to 66.7% this quarter (227,100 people). However, this is worse than for the corresponding period last year (67.1%) when 1,200 more people were employed. The County Durham rate remains worse than the national, regional and nearest statistical neighbour rates of 73.6%, 68.1% and 69.7% respectively.
    - ii. The proportion of the working age population not in work who want a job has improved, reducing from 13.7% (April 2013 to March 2014), to 13.3% (July 2013 to June 2014), representing 43,600 people. This shows an improvement from 15.5% for the corresponding period last year, however it remains worse than national (10.8%), regional (13.2%) and nearest statistical neighbour rates (11.9%).
    - iii. The number of people claiming Job Seekers Allowance (JSA) has again reduced, from 9,385 last quarter, and now stands at 8,765. This represents 2.7% of the working age population. Youth unemployment has fallen substantially from last year but this was a slight rise from quarter one reflecting the end of the academic year. The number of 18-24 year olds claiming JSA has increased from 2,580 in quarter 1 to 2,720 in quarter 2 and represents 31% of all JSA claimants. This follows a trend seen in most years coinciding with the end of the academic year but is a considerable improvement on the corresponding period last year when 4,255 18-24 year olds were claiming JSA.
    - iv. The number of long term JSA claimants (2,910) continues to fall, although the proportion claiming for more than 12 months remains high at 33.2% of all JSA claimants. This has reduced from 3,365 claimants (35.85%) in June 2014 and is over 1,800 less than at the same time last year when there were 4,740 (36.1%) long term claimants. The County Durham rate remains higher than nationally (26.2%) and regionally (33.1%) although this is now slightly better than the nearest statistical neighbour rate (33.6%).

- v. The number of net homes completed in County Durham has fallen from 361 last quarter to 207 this quarter. This follows a similar trend to last year, although the total number of homes completed between April and September 2014 (568) is higher than last year (455). The number of commencements across the county increased significantly from 854 in 2012/13 to 1,394 in 2013/14, showing that permissions are now being implemented. This quarter, 114 completions were in or near major settlements. Although this is slightly less than last quarter (128 completions), the actual proportion increased from 35% to 51%, due to the lower number of overall completions in County Durham this quarter. In Durham City new home completions fell from 14 in quarter 1 to three in quarter 2, representing 1.4% of completions within the county. Permissions for four main sites, with a total of 672 units in the city, are yet to be implemented.
  - vi. The gross value added (GVA) per capita, which is the amount of money generated by economic activity in the area per head of population, has improved from £12,661 in 2011 to £12,875 in 2012. However this is significantly less than the regional (£16,091) and national (£21,937) figures.
- c. A large number of key Council Plan actions have not achieved target in this theme, which include:
- i. The development plan of Elvet Waterside was due to be agreed by October 2014 but has been delayed until August 2015. The development brief is still to be agreed with the University and design works for the flood mitigation solution are not yet completed.
  - ii. The delivery plan for Milburngate House, due to be completed by June 2015, has been delayed until September 2015. This is due to delays in the process for securing planning consent.
  - iii. The relocation of the bus station on North Road, Durham was due to be completed by December 2015. The necessary land acquisition has still not been completed, which means programming of the highway works have been delayed. The action is now due to be completed in May 2016.
  - iv. The construction of a new railway station at Horden on the Durham Coast Railway Line was due for completion by March 2016 but has now been delayed until August 2017. Consultation is currently taking place with external partners regarding commissioning of the detailed business case and there is a continued delay with Network Rail approvals.
  - v. Development of a Houses in Multiple Occupation (HMO) Strategy to improve the standards and quality of HMO accommodation within the private rented sector was due by July 2014. The scope of the strategy has changed and now encompasses a broader remit which requires involvement of other service areas. The deadline has therefore been changed to September 2015, to allow for the wider scope and to fit in with other priorities in these service areas.



- vi. The development and implementation of a real time travel passenger information system across the county was due to be completed by September 2014. The system is developed and currently operating at ten selected enabled bus stops. This stage has identified some data network/communication issues that are expected to be resolved by the provider in January 2015. As part of the staged roll out all remaining 112 displays will then be converted and connected to the new system with scheduled data available both at stops and via mobile devices thereafter. The real time data will be displayed when made available by the local bus operators, expected in February 2015.
- vii. The action to complete road access improvements at Front Street, Stanley was due for completion by December 2014. This has been deleted because the initial project was rejected at public enquiry and will now not go ahead.

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

### **Recommendations and reasons**

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

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**Contact:** Jenny Haworth, Head of Planning and Performance  
**Tel:** 03000 268 071      **E-Mail:** [jenny.haworth@durham.gov.uk](mailto:jenny.haworth@durham.gov.uk)

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## Appendix 1: Implications

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

**Staffing** - Performance against a number of relevant corporate health PIs has been included to monitor staffing issues.

**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 are monitored as part of the performance monitoring process.

**Accommodation** - Not applicable

**Crime and Disorder** - A number of PIs and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

**Human Rights** - Not applicable

**Consultation** - Not applicable

**Procurement** - Not applicable

**Disability Issues** - Employees with a disability are monitored as part of the performance monitoring process.

**Legal Implications** - Not applicable

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

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

### Performance Indicators:

#### Direction of travel

#### Performance against target

Latest reported data have improved from comparable period

**GREEN**

Performance better than target

Latest reported data remain in line with comparable period

**AMBER**

Getting there - performance approaching target (within 2%)

Latest reported data have deteriorated from comparable period

**RED**

Performance >2% behind target

### Actions:

**WHITE**

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

**GREEN**

Action on track to be achieved by the deadline

**RED**

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

### Benchmarking:

**GREEN**

Performance better than other authorities based on latest benchmarking information available

**AMBER**

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

**RED**

Performance worse than other authorities based on latest benchmarking information available

## Appendix 3: Summary of Key Performance Indicators

Table 1: Key Target Indicators

Ref	PI 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
<b>Altogether Wealthier</b>											
1	REDPI75a	Overall proportion of planning applications determined within deadline	85.1	Oct 2013 - Sep 2014	85.0	GREEN	88.6	RED			
2	REDPI10a	Number of affordable homes delivered	120	Jul - Sep 2014	80	GREEN	78	GREEN			
3	REDPI29	Number of private sector properties improved as a direct consequence of local authority intervention	To follow	Apr - Sept 2014	266	NA	459	NA			
4	REDPI30	Number of empty properties brought back into use as a result of local authority intervention	61	Apr - Sep 2014	43	GREEN	52	GREEN			
5	REDPI95	Proportion of council owned properties currently meeting decency criteria	89.36	Jul - Sep 2014	91.15	AMBER	79.05	GREEN			
6	REDPI82	Proportion of council owned housing that is empty	1.45	Jul - Sep 2014	1.50	GREEN	1.91	GREEN			
7	REDPI82a	The proportion of council owned housing that is not available to let and has been empty for more than six months	0.16	Jul - Sep 2014	0.05	RED	0.19	GREEN			
8	REDPI62	Apprenticeships started through Durham County Council funded schemes	90	Apr - Sep 2014	90	GREEN	71	GREEN			

Ref	PI 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	CASAW2	Overall success rate of adult skills funded provision	88.2	2013/14 ac yr (provisional)	86.0	GREEN	85.9	GREEN	83.5 GREEN		2012/13 ac yr
10	REDPI64	Number of passenger journeys made on the Link2 service	8,574	Jul - Sep 2014	7,500	GREEN	8,425	GREEN			
11	REDPI81	Percentage of timetabled bus services that are on time	91.0	Jul - Sep 2014	85.0	GREEN	85.0	GREEN			
12	REDPI41c	Percentage of major planning applications determined within 13 weeks	75.9	Oct 2013 - Sep 2014	71.0	GREEN	76.7	RED	70.0 GREEN	78** RED	Apr 2013 - Mar 2014
13	REDPI93	Number of business enquiries handled	403	Jul - Sep 2014	300	GREEN	270	GREEN			
14	REDPI94	Number of inward investment successes	New indicator	Reported in quarter 4	10	NA	New indicator	NA			
15	REDPI66	Number of businesses engaged	263	Jul - Sep 2014	180	GREEN	104	GREEN			
16	REDPI92	Number of gross potential jobs created and/or safeguarded	860	Apr - Sep 2014	1,200	RED	New indicator	NA			

**Table 2: Key Tracker Indicators**

Ref	PI 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
<b>Altogether Wealthier</b>											
87	REDPI3	Number of all new homes completed in Durham City	3	Jul - Sep 2014	14	RED	11	RED			
88	REDPI24	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	51.00	Jul - Sep 2014	35.00	GREEN	69.09	RED			
89	REDPI22	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	76.75	As at Sep 2014	74.00	GREEN	73.58	GREEN			
90	REDPI38	Number of passenger journeys recorded by the operator of the three Durham City Park and Ride sites	278,845	Jul - Sep 2014	240,243	GREEN	325,457	RED			
91	REDPI80	Percentage annual change in the traffic flow through Durham City	5.4	Jul - Sep 2014	4.9	GREEN	New indicator	NA			
92	NS01	Number of visitors to theatres	97,053	Jul - Sep 2014	51,524	GREEN	101,685	RED			
93	NS02	Number of visitors to museums	70,797	Jul - Sep 2014	61,408	GREEN	New indicator	NA			
94	NS03	Number of visitors to leisure centres	1,078,740	Jul - Sep 2014	1,092,856	RED	New indicator	NA			

Page 76	PI 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
95	NS12	Percentage of food establishments rated as 3 star or above (Food Hygiene Rating System)	94	As at Oct 2014	93.5	GREEN	New indicator	NA			
96	REDPI 97a	Occupancy rates for retail units in town centres (%) – Barnard Castle	89	As at Mar 2014	93	RED	93	RED	86 GREEN		2013
97	REDPI 97b	Occupancy rates for retail units in town centres (%)– Bishop Auckland	79	As at Mar 2014	91	RED	91	RED	86 RED		2013
98	REDPI 97c	Occupancy rates for retail units in town centres (%) – Chester-le-Street	84	As at Mar 2014	89	RED	89	RED	86 RED		2013
99	REDPI 97d	Occupancy rates for retail units in town centres (%)– Consett	94	As at Mar 2014	88	GREEN	88	GREEN	84 GREEN		2013
100	REDPI 97e	Occupancy rates for retail units in town centres (%) – Crook	92	As at Mar 2014	95	RED	95	RED	86 GREEN		2013
101	REDPI 97f	Occupancy rates for retail units in town centres (%) – Durham City	89	As at Mar 2014	90	RED	90	RED	86 GREEN		2013
102	REDPI 97g	Occupancy rates for retail units in town centres (%) – Newton Aycliffe	71	As at Mar 2014	80	RED	80	RED	86 RED		2013
103	REDPI 97h	Occupancy rates for retail units in town centres (%) – Peterlee	85	As at Mar 2014	87	RED	87	RED	86 RED		2013
104	REDPI 97i	Occupancy rates for retail units in town centres (%) – Seaham	91	As at Mar 2014	87	GREEN	87	GREEN	86 GREEN		2013



Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
105	REDPI 97j	Occupancy rates for retail units in town centres (%) – Shildon	89	As at Mar 2014	88	GREEN	88	GREEN	86 GREEN		2013
106	REDPI 97k	Occupancy rates for retail units in town centres (%) – Spennymoor	85	As at Mar 2014	88	RED	88	RED	86 RED		2013
107	REDPI 97l	Occupancy rates for retail units in town centres (%) – Stanley	86	As at Mar 2014	91	RED	91	RED	86 AMBER		2013
108	REDPI 10b	Number of net homes completed	207	Jul - Sep 2014	361	RED	165	GREEN			
109	REDPI34	Total number of applications registered through Durham Key Options system that have been rehoused (includes existing tenants and new tenants)	1,290	Jul - Sep 2014	1,228	GREEN	1,224	GREEN			
110	REDPI 36d	Total number of presentations to the Housing Solutions Service	2,376	Jul - Sep 2014	2,611	GREEN	New indicator	NA [1]			
111	REDPI 36b	Number of statutory homeless applications as a proportion of the total number of presentations to the Housing Solutions Service	7.24	Jul - Sep 2014	7.74	GREEN	New indicator	NA [1]			
112	REDPI 36c	Number of homeless acceptances (of a statutory duty) as a proportion of the total number of presentations to the Housing Solutions Service	2.15	Jul - Sep 2014	2.37	GREEN	New indicator	NA [1]			

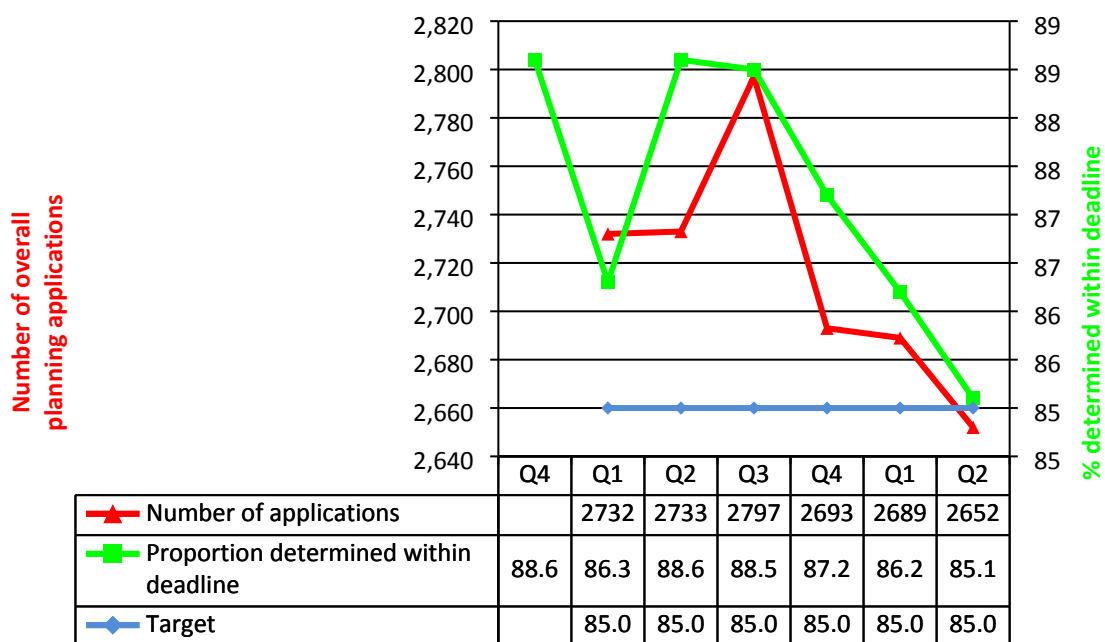
Page 78	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
113	REDPI36a	Number of preventions as a proportion of the total number of presentations to the Housing Solutions Service	13.55	Jul - Sep 2014	14.98	RED	New indicator	NA [1]			
114	REDPI96	The number of people in reasonable preference groups on the housing register	5,187	As at Sep 2014	5,207	GREEN	New indicator	NA			
115	REDPI40	Proportion of the working age population defined as in employment	66.7	Jul 2013 - Jun 2014	66.2	GREEN	67.1	RED	73.6 RED	68.1* RED	Jul 2013 - Jun 2014
116	REDPI73	Proportion of the working age population currently not in work who want a job	13.30	Jul 2013 - Jun 2014	13.66	GREEN	15.49	GREEN	10.78 RED	13.21* RED	Jul 2013 - Jun 2014
117	REDPI8b	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	33.20	As at Sep 2014	35.85	GREEN	36.12	GREEN	26.20 RED	33.1* RED	As at Sep 2014
118	REDPI7a	Number of Jobseeker's Allowance (JSA) claimants aged 18-24	2,720	As at Sep 2014	2,580	RED	4,255	GREEN			
119	REDPI28	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			
120	REDPI87	Gross Value Added (GVA) per capita in County Durham (£)	12,875	Jan - Dec 2012	12,661	GREEN	12,661	GREEN	21,937 RED	16,091* RED	2012

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
121	REDPI88	Per capita household disposable income (£)	14,151	2012	13,522	GREEN	13,522	GREEN	17,066	14,393*	2012
122	ACE018	County Durham residents starting a first degree in an academic year (per 100,000 population aged 18+)	162.2	2012/13 ac yr	161.4	GREEN	161.4	GREEN	218.2	148.53*	2012/13 ac yr
123	REDPI72	Number of local passenger journeys on the bus network	5,836,935	Apr - Jun 2014	6,250,137	RED	5,891,958	RED			
124	REDPI89	Number of registered businesses in County Durham	14,785	2013/14	14,815	RED	14,815	RED			
125	REDPI 32a	Percentage of tourism businesses actively engaged with Visit County Durham	81	As at Mar 2014	New indicator	NA	New indicator	NA			
126	REDPI90	Percentage change in the number of visitors to the core attractions in County Durham compared to the previous year	33.6	2013/14	New indicator	NA	New indicator	NA			
127	REDPI91	Number of unique visitors to the thisisdurham website	272,960	Jul - Sep 2014	240,478	GREEN	238,326	GREEN			

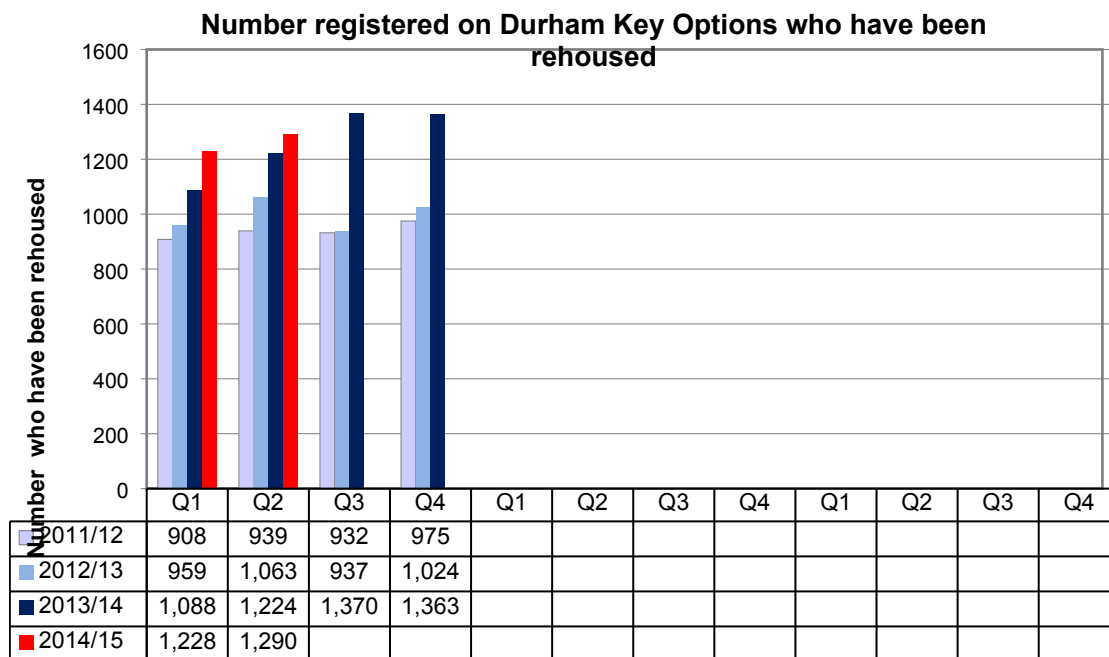
[\[1\] Due to changes to the definition data is not comparable](#)

## Appendix 4: Volume Measures

**Chart 1 – Planning applications (12 month rolling total)**



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



**Economy and Enterprise  
Overview and Scrutiny Committee**



**8 January 2015**

**Review of the Council Plan and Service  
Plans**

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

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**Purpose of the Report**

1. To update Scrutiny with progress on the development of the Altogether Wealthier section of the Council Plan 2015-2018 including the draft aims and objectives contained within the Plan and the proposed performance indicator set to measure our success.

**Background**

2. The Council Plan is Durham County Council's primary corporate planning document. It sets out our objectives that we want to achieve over the medium-term, details our contribution towards achieving the vision and ambitions that we share with other partner agencies articulated in the Sustainable Community Strategy (SCS) and also provides a framework for the delivery of our services.
3. The Council Plan is refreshed annually and is currently being revised to cover the 2015-2018 three year period. The format of the Plan is being amended with the aim of introducing a more concise narrative and streamlined performance monitoring arrangements.
4. The priorities set out in the current Council Plan reflect the results of an extensive consultation exercise carried out in 2013/14 on spending priorities and include an ongoing focus on protecting frontline services.

**Draft Objectives and Outcomes**

5. Overall it is proposed that the five key altogether better themes remain unchanged in line with the review of the Altogether Better Durham vision by the County Durham Partnership. It is also proposed that the altogether better council theme is retained giving six key themes.
  - (i) Altogether Wealthier
  - (ii) Altogether better for children and young people
  - (iii) Altogether healthier
  - (iv) Altogether safer
  - (v) Altogether greener
  - (vi) Altogether better council

6. Sitting beneath each of these six themes are a series of objectives setting out the key goal(s) being pursued over the medium-term. The objectives layer is shared across the SCS and Council Plan. These were agreed by Council last year and are proposed to be retained as unchanged. The Altogether Wealthier objectives are shown below:
  - (i) Thriving Durham City
  - (ii) Vibrant and successful towns
  - (iii) Sustainable neighbourhoods and rural communities
  - (iv) Competitive and successful people
  - (v) Top location for business
7. Whilst the SCS is a long-term plan, the Council Plan having a medium-term time horizon of three years is more detailed in nature. The Council Plan therefore contains an additional layer which is the council's outcomes. These are defined as the impacts on, or consequences for the community of the activities of the council. Outcomes reflect the intended results from our actions and provide the rationale for our interventions. These are subject to more frequent change than objectives.
8. The draft objectives and outcomes for the 2015-2018 Council Plan for the Altogether Wealthier theme are set out in full in **Appendix 2**.
9. Services are currently reviewing the performance indicator set which is used to measure progress against the Plan, performance manage our services and report to Members quarterly. An early draft of the corporate indicator set for the Altogether Wealthier theme is contained in **Appendix 3**, for detailed consideration by Economy and Enterprise Overview and Scrutiny Committee.
10. The three indicators that relate to council-owned housing have been proposed for removal as they will no longer be within the control or be the responsibility of Durham County Council after March 2015:
  - (i) Proportion of council owned housing that are empty
  - (ii) Proportion of council owned housing that have been empty for six months
  - (iii) Proportion of council owned properties currently meeting decency criteria
11. A new indicator on the conversion of apprenticeships into employment has been proposed and the definition is currently under consideration. There may also be some changes to indicators from Visit County Durham as they will be approached regarding better performance indicators around visitor numbers and overnight stays.
12. The target setting process for the proposed indicator set will begin at the end of the year once performance data is available for the full year. Targets for the current year and forthcoming two years are presented to Members in **Appendix 3** for comment. Baseline performance data will need to be established for the proposed new indicators before targets can be set.

## Next Steps

13. Next steps in the corporate timetable for production of the Council Plan and service plans are:

Corporate Issues OSC considers Cabinet MTFP and Council Plan report	23 January 2015	Director of Resources and Assistant Chief Executive
Cabinet considers Council Plan and service plans for 2015/16 – 2017/18	18 March 2015	Assistant Chief Executive
OSMB and Corporate Issues OSC consider Cabinet report on Council Plan	20 March 2015	Assistant Chief Executive
Council approves Council Plan 2015-16 – 2017/18	1 April 2015	Assistant Chief Executive

## Recommendations and reasons

14. Economy and Enterprise Overview and Scrutiny Committee is asked to:

- (i) Note the updated position on the development of the Council Plan and the corporate performance indicator set.
- (ii) Note the draft objectives and outcomes framework set out in **Appendix 2**.
- (iii) Comment on the draft performance indicators proposed for 2015/16 for the Altogether Wealthier priority theme contained within **Appendix 3**.
- (iv) Comment on the current targets in **Appendix 3** and provide input into target setting for 2015/16 onwards.

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**Tel:** 03000 268 071 **E-Mail:** [jenny.haworth@durham.gov.uk](mailto:jenny.haworth@durham.gov.uk)

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## **Appendix 1: Implications**

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### **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 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 the Council Plan containing a section on risk.

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

Individual equality impact assessments are prepared for all savings proposals within the Council Plan. The cumulative impact of all savings proposals will be presented to Council and will be updated as savings proposals are further developed. In addition a full impact assessment has previously been undertaken for the Council Plan. One of the outcomes within the proposed framework is that people are treated fairly and differences are respected. Actions contained within the Council Plan include specific issues relating to equality.

### **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 SCS and Council Plan sets out the Council's and partner's contributions to tackling crime and disorder.

### **Human rights**

None

### **Consultation**

Council priorities are influenced by our resource base and have been developed following extensive consultation on the council's budget. Results have been taken into account in developing our spending decisions.

### **Procurement**

None

### **Disability Issues**

None

### **Legal Implications**

None



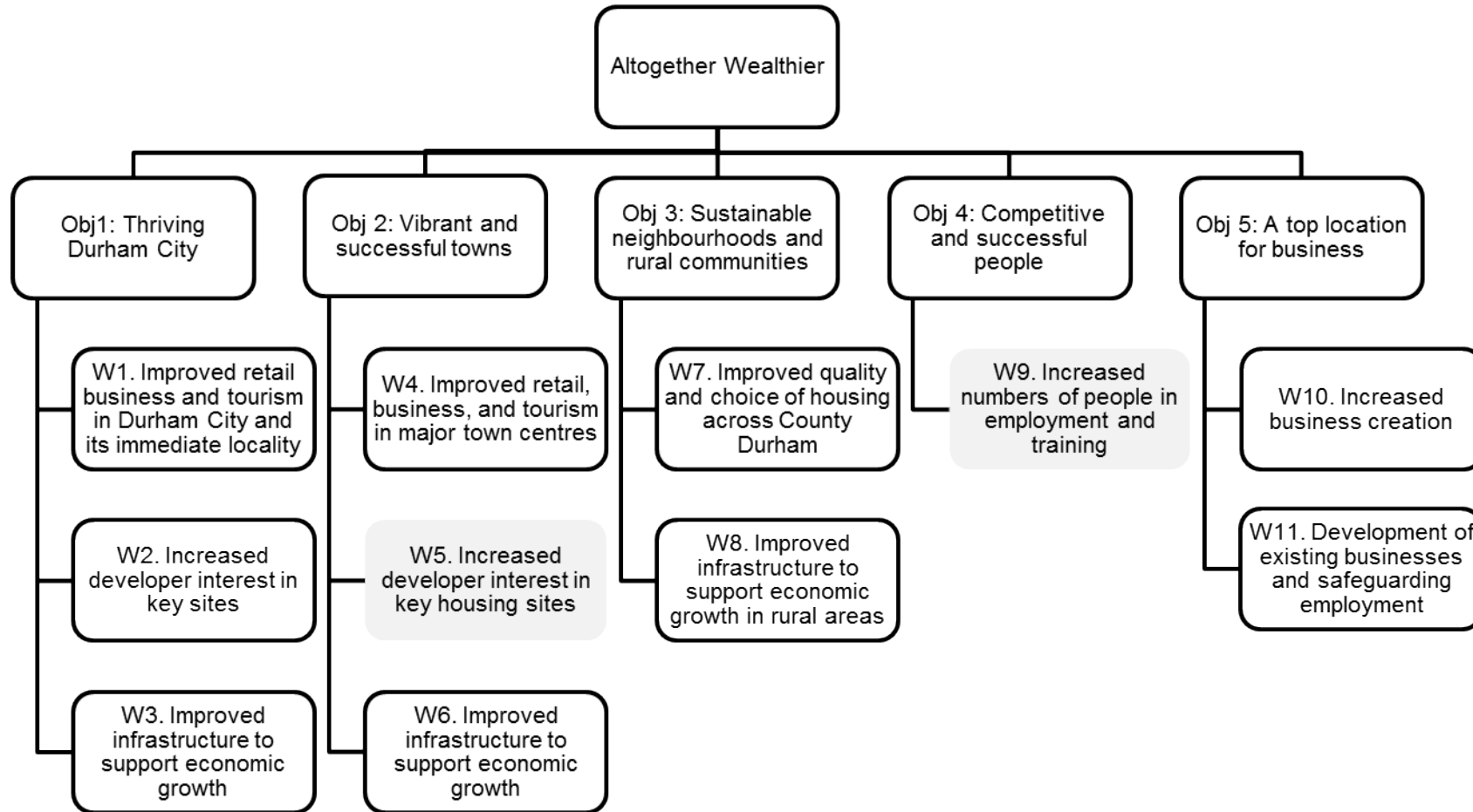
# KEY

No Change

Amended

New

## Appendix 2: Partnership and Council Draft Objectives and Outcomes Framework



### Appendix 3: Proposed Corporate Performance Indicator Set 2015/16

Indicator	Description	Current targets		
		2014/15	2015/16	2016/17
<b>Altogether Wealthier</b>				
REDPI3	Number of all new homes completed in Durham City	Tracker indicator		
REDPI10a	Number of affordable homes delivered	300	300	300
REDPI10b	Number of net homes completed	Tracker indicator		
REDPI17a	Number of Jobseeker's Allowance (JSA) claimants aged 18-24	Tracker indicator		
REDPI8b	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	Tracker indicator		
REDPI22	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.	Tracker indicator		
REDPI24	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	Tracker indicator		
REDPI28	Number of apprenticeships started by young people resident in County Durham as recorded by the National Apprenticeship Service	Tracker indicator		
REDPI29	Number of private sector properties improved as a direct consequence of local authority intervention	567	510	510
REDPI30	Number of empty properties brought back into use as a result of local authority intervention	120	Not set	Not set
REDPI32a	Percentage of tourism businesses actively engaged with Visit County Durham	Tracker indicator		
REDPI34	Total number of applications registered on the Durham Key Options system that have been rehoused (includes existing tenants and new tenants)	Tracker indicator		
REDPI36a	Number of preventions as a proportion of the total number of presentations to the Housing Solutions Service	Tracker indicator		
REDPI36b	Number of statutory applications as a proportion of the total number of presentations to the Housing Solutions Service	Tracker indicator		
REDPI36c	Number of acceptances (of a statutory duty) as a proportion of the total number of presentations to the Housing Solutions Service	Tracker indicator		
REDPI36d	Total number of presentations to the Housing Solutions Service	Tracker indicator		

### Appendix 3: Proposed Corporate Performance Indicator Set 2015/16

Indicator	Description	Current targets		
		2014/15	2015/16	2016/17
REDPI38	Number of passenger journeys recorded by the operator of the 3 Durham City Park and Ride sites	Tracker indicator		
REDPI40	Proportion of the working age population defined as in employment	Tracker indicator		
REDPI41c	Percentage of major planning applications determined within 13 weeks	71%	71%	71%
REDPI62	Apprenticeships started through County Council funded schemes	180	200	220
REDPI64	Number of passenger journeys made on the Link2 service	33,000	Not set	Not set
REDPI66	Number of businesses engaged	720	Not set	Not set
REDPI72	Number of local passenger journeys on the bus network	Tracker indicator		
REDPI73	The proportion of the working age population currently not in work who want a job	Tracker indicator		
REDPI75a	Overall proportion of planning applications determined within deadline	85%	85%	85%
REDPI80	Percentage annual change in the traffic flow through Durham	Tracker indicator		
REDPI81	Percentage of timetabled bus services that are on time	85%	87%	89%
REDPI87	Gross Value Added (GVA) per capita in County Durham	Tracker indicator		
REDPI88	Per capita household disposable income	Tracker indicator		
REDPI89	Number of registered businesses in County Durham	Tracker indicator		
REDPI90	Percentage change in the number of visitors to the core attractions in County Durham compared to the previous year	Tracker indicator		
REDPI91	Number of unique visitors to the thisisdurham website	Tracker indicator		
REDPI92	Number of gross jobs created and safeguarded	2400	Not set	Not set
REDPI93	Number of business enquiries handled	1200	Not set	Not set
REDPI94	Number of inward investment successes	10	Not set	Not set
REDPI96	The number of people in reasonable preference groups on the housing register	Tracker indicator		
REDPI97a-l	Occupancy rates - retail units in town centres: Barnard Castle, Bishop Auckland, Chester-le-Street, Consett, Crook, Durham City, Newton Aycliffe, Peterlee, Seaham, Shildon, Spennymoor, Stanley	Tracker indicator		
NEW	Apprenticeship conversion rate (definition to be confirmed)			
CAS AW2	Overall success rate of Adult Skills Funded Provision	86.0% (2013/14 ac yr)	87.5% (2014/15 ac yr)	89.0% (2015/16 ac yr)

### Appendix 3: Proposed Corporate Performance Indicator Set 2015/16

Indicator	Description	Current targets		
		2014/15	2015/16	2016/17
ACE018	County Durham residents starting a first degree in an academic year (per 100,000 population aged 18+)	Tracker indicator		
NS01	Number of visitors to theatres	Tracker indicator		
NS02	Number of visitors to museums	Tracker indicator		

#### Indicators proposed for Removal (3)

Indicator	Description
<b>Altogether Wealthier</b>	
REDPI82	Proportion of council owned housing that are empty
REDPI82a	Proportion of council owned housing that have been empty for six months
REDPI95	Proportion of council owned properties currently meeting decency criteria

#### Indicators Proposed for Introduction (1)

<b>Altogether Wealthier</b>	
Apprenticeship conversion rate (definition to be confirmed)	

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**MINUTES**

<b>Meeting</b>	County Durham Economic Partnership Board
<b>Date of Meeting</b>	Monday 3rd November 2014
<b>Time</b>	13.00 – 15.00
<b>Venue</b>	Conference Room 4B, County Hall

**Attendees:**

Brian Tanner	Chair
Simon Goon	Business Durham
Ian Thompson	Director of Regeneration and Economic Development, Strategy, Programmes & Performance, DCC
Andy Palmer	Chair of Durham City Board
Neil Graham	Job Centre Plus
Paul Robson	Atom Bank
Edward Twiddy	Cabinet Portfolio Holder for Economic Development and Regeneration, DCC
Cllr Neil Foster	Durham University
Jon Gluyas	VCS
Jo Laverick	Research & Equalities Manager, DCC
Stephen Tracey	Chair of Rural Working Group
Cllr Eddie Tomlinson	Chair of the Housing Forum
Sarah Robson	Chair of Economy & Enterprise Scrutiny Committee, DCC
Cllr Rob Crute	Overview and Scrutiny Officer, DCC
Diane Close	Head of Transport & Contract Services, DCC
Adrian White	Strategy & Partnerships, DCC
Tarryn Lloyd Payne	Strategy & Partnerships, DCC
Angela Brown	Strategy & Partnerships, DCC

**1. Welcome**

Brian Tanner welcomed everyone to the meeting and initiated round table introductions. He introduced Cllr Rob Crute and Diane Close (DCC, Overview and Scrutiny), and thanked them for attending the meeting. He also introduced Jon Gluyas who is now the Board representative from Durham University to the other Board members, as this was first Board meeting.

## 2. Apologies

Brian Manning	Esh Group
Simon Hanson	FSB
Sue Soroczan	Job Centre Plus
Melanie Sensicle	Visit County Durham
Sue Parkinson	Vice Chair & Chair of the Business, Enterprise & Skills Group
Barbara Gubbins	County Durham Community Foundation
Jonathan Walker	NECC
Helen Golightly	NELEP
Roger Kelly	Chair of Cultural Partnership

## 3. Minutes of the last meeting

The actions were agreed as a true record.

## 4. Matters Arising

- All presentations were circulated
- Michelle Duggan has had further meeting with Linda Bailey
- Measures of Success are on today's agenda

**Action: TLP will speak to Barbara Gubbins to see if the evaluation is available for circulation.**

## 5. Developing Transport Infrastructure within County Durham; Adrian White

AW gave a presentation to the Board on developing Transport within County Durham. The Combined Authority from April 2014 covers 7 authorities in the North East. The order passed by Parliament which established the Combined Authority also dissolved the Tyne and Wear Integrated Transport Authority. As a result, the role of the Integrated Transport Authority along with its property, rights and liabilities transferred to the Combined Authority. For the first time there is single body with responsibility for strategic transport across all seven local authority areas.

A key first step has been the development of a strategic plan with the Combined Authority over the next 12 months. Adrian went on to describe the key challenges & opportunities being discussed, including;

- Ongoing need for capital investment in NE
- Revenue funding reductions
- Access to employment sites/shift work etc.
- Youth employment/training
- Connecting the visitor economy
- Rail devolution
- Parking (impact on local economy)
- Harnessing technology
- Managing growth on the network

### *Questions*

BT thanked Adrian for his presentation

- NG asked how important discussions with Leeds and Manchester (Northern Futures debate) were and how strongly are Durham fighting for investment?



- AW mentioned that Newcastle were leading and take the portfolio for transport, but need to make sure that Durham get some of the Investment, therefore working very closely with the LEP as we need to be heard.
- NF felt a key point was that the Government were in talks with the North but when they say North this sometimes only refers to Manchester. CDEP partners need to be engaging to make sure the voice of Durham is heard.
- IT mentioned the Northern Powerhouse which is about improving the physical and digital connections between cities. Some work AW is doing has links between e.g. North Tyneside Aberdeen. There is a narrative for North East Investment but we need to get message to public domain.

## 6. State of the County; Stephen Tracey

ST gave a presentation to the Board in relation to the State of the County. The presentation covered the five measurers of success which are:-

- The County Durham *employment rate* to converge to and be maintained at pre-recession levels (73% of the 16-64 population).
- The County's per capita *GVA* figure to rise to 87% of the regional value (or 68% of the UK figures) by 2030.
- The *number of businesses* in the County to increase by 4,300 by 2030 contributing towards the rise in the employment rate.
- *Gross household disposable income* (or 87.4% of the national figure).
- The number of Lower Super Output Areas in the County which are ranked nationally in the top 20% of the *Index of Deprivation's* employment domain to reduce from the current number of 174 to 64

These measures were agreed in 2009, since then there has been a global recession and GDP has declined for the last 5 quarters in a row. This has been the deepest recession in this country but recently we have seen growth returning. There have also been a lot of policy changes since these measures were agreed.

AP discussed a report and outlined the recommendations to the Board.

The Recommendations for the Board are:-

- Note the key messages presented and support the 'CDEP Commitment' as outlined within the State of the County Report.
- Consider and support the continued suitability of five key measurers of success – with the employment rate as the top priority and further analysis for the number of businesses measure.
- Receive annual performance report against set of five key measures of success and a suite of 'tracker' measures aligned to the ambitions of the Regeneration Statement and our partnership groups on a quarterly basis.
- Agree that Working Groups receive and monitor appropriate 'tracker' and 'indicator' measures.
- Ensure that the Durham Investment Group considers the need for appropriate performance trackers and monitoring against our investment priorities including those resourced through European Funding and Single Local Growth Fund. Helping to ensure that our projects are appropriately phased, managed and deliver the desired benefits will deliver impact in line with our measures of success.

BT asked the Board to note the key messages and commitment as outlined in the report. **Recommendations were agreed.**

## 7. DCC Scrutiny Impact of Government and Policy Changes on the Economy of County Durham Report

Cllr Rob Crute – Chair of Economic & Enterprise Scrutiny Committee thanked members of the partnership for their valuable time in supporting the work of the member's reference group. DCC and Partners are working together to tackle the challenges and trying to mitigate the impact of various approaches to deliver activity and support economic growth in Co Durham.

- Final report was agreed at Cabinet on 7<sup>th</sup> May to maximise the funding opportunities which are available within DCC through the Regional Growth Fund, Growing Places, Single Growth Fund and the next EU funding programme for 2014-20
- He asked the Board to note paragraph 6 which shows the six recommendations and CDEP's current position and approach to tackling these recommendations. They would welcome further input before 8<sup>th</sup> Jan 2015.

BT indicated that the Board would be happy to note the key findings and recommendations

NF welcome the work that has already been done in relation to this and mentioned that it was good to see that we all travelling in the same direction.

**Action: The Board agreed the recommendations which were to note the key findings and recommendations contained within the attached report.**

## 8. Shaping the Durham EU Investment Plan

BT informed the Board that Sue Parkinson would have commented on this item but had to give apologies for the meeting at short notice. She wants everyone to be aware that despite having a lot of projects this is not an investment plan. There has been a lot more proposals than there is money available. The next step will be to draw out the synergies and see where these can join up. We will then develop a smaller list of projects moving forward for which we will address delivery and outputs.

All work is in progress and there have already been some key challenges relating to outputs. The Working Group Leads are frustrated at the moment as the rules are still not defined; therefore the paper is not a delivery plan but a direction of travel.

JL mentioned that a Social Inclusion Conference took place on 26<sup>th</sup> September at the Glebe Centre. Social Inclusion is a big cross-cutting area. The CDEP had an overwhelming response from delegates with over 200 attendees. There was strong recognition that the Voluntary sector needs to be encouraged to engage with the right elements of the public/private sectors. This would mean a serious capacity issue will need to be addressed. Match funding is another big challenge so there is a need to work closely with colleagues in the public sector to make sure everything is aligned.

BT asked the Board to note the report

AP mentioned that the EU workstreams are now starting to firm things up. Match funding is being discussed a lot more. People are starting to think about outputs. The SFA appears to be raising serious concerns in regard to co-financing the Youth Employment Initiative. This presents a serious risk over the ability to deliver the full YEI programme in County Durham.

Sustainable Transport was on the original guidance but not in transitional regions; therefore this money needs to be redirected into other ideas. Despite hopes that national programme agreement would be in place by January 2015, it is unlikely that any funds will be available before June 2015.. SG mentioned that the MAS and Growth Accelerator opt-ins have been taken off the table. More work was being done on how can deliver productivity and manufacturing programmes.

**Action: The Board agreed with the content of the report.**

#### **9. Partnership Working Group Position Report; Working Group Chairs**

The report highlights the ongoing activities linked to strategic thinking of the partnership working groups. As a result of this report two key areas could be considered by the board.

- A review of Strategies by the CDEP in February
  - Regeneration Statement
  - Update on County Plan
  - Housing Strategy
  - BES Strategy
- Future reporting to be aligned to Performance measures as discussed in item 7

The Board were recommended to:

- Note the report, paying particular attention to the challenges and opportunities presented for each partnership group
- Consider the future options as detailed in 4.2 for the future remit and role of Economic Infrastructure within the partnership
- Receive regular update reports and linked to overall performance reporting at least twice a year.

**Action: The Board agreed with all the recommendations**

#### **10. Matters for endorsement; Adult Skills Strategy**

BT reported that the Adult Skills Strategy is a matter for endorsement and he asked Board members to endorse the strategy and consider how they can support its delivery.

**Action: The Board endorsed the recommendations**

#### **11. Partners Update; ALL**

*Rural Working Group – Cllr Eddie Tomlinson*

The Rural Working Group met on 16<sup>th</sup> October, there was a presentation from Transport on bus Services in rural areas of the County and budgets for the areas. They have mapped services to try and assess what is out there in relation to community service busses.

The group is working closely with colleagues from “warm up north” with regards to non-cavity properties

*Durham City Board – Neil Graham*

The Board met on 15<sup>th</sup> September when there was an excellent presentation from Simon Goon in relation to Business Growth and Investment in Co Durham to focus on city centre and what needs to be done to strengthen role of the city centre.

Issues addressed included lack opportunity for younger people, graduate retention and the future role of the University Neil McMillan from Carillion gave an update on planned investment and progress on key sites being developed, namely:-

- Freemans Reach – part of the masterplan
- Aykley Heads
- National savings expect move Jan. So at the latest the passport office will be ready 2016.
- Milburngate House – Working on this how to take this forward

*County Durham Housing Forum – Sarah Robson*

The forum focused on emerging issues from the Growth Deal, which the Social Housing Sector was keen to discuss. There was an update on Housing Strategy. There will be internal workshops and as well as workshops held for partners. The next meeting will be held on 11<sup>th</sup> November and the theme will be health.

**12. Any Other Business**

Nothing was raised

**13. Date and Time of next meeting**

Tuesday 3<sup>rd</sup> February 2015 at 1pm