



Special Economy and Enterprise Overview and Scrutiny Committee

Date Monday 21 December 2015
Time 10.00 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

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

1. Apologies for Absence
2. Substitute Members
3. Declarations of Interest, if any
4. Items from Co-opted Members or Interested Parties, if any
5. Welfare Reform - Draft County Durham Poverty Action Plan, Consultation Overview: (Pages 1 - 18)
 - (i) Report of the Assistant Chief Executive.
 - (ii) Presentation by the Head of Policy and Communications, Assistant Chief Executive's.
6. Regeneration Statement - Update: (Pages 19 - 24)

Report of the Corporate Director of Regeneration and Economic Development – presented by the Head of Strategy, Programmes and Performance, Regeneration and Economic Development.
7. Members' Reference Group, Scrutiny Review: Impact of the Changes in Government Funding of the Economy of County Durham - Update on Recommendations: (Pages 25 - 40)

Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development – presented by the Head of Strategy, Programmes and Performance, Regeneration and Economic Development.

8. Business Durham - Update: (Pages 41 - 64)
Report of the Corporate Director of Regeneration and Economic Development – presented by the Managing Director, Business Durham.
9. 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
11 December 2015

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, M Davinson, D Hall, T Henderson, C Kay, B Kellett, J Maitland, H Nicholson, R Ormerod, A Patterson, M Simpson, P Stradling, O Temple, A Willis and S Zair

Co-opted Members:

Mr T Batson and Mr I McLaren

**Economy and Enterprise
Overview and Scrutiny Committee**

21 December 2015



Welfare Reform and Poverty Issues

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background information concerning the consultation on the draft County Durham poverty action plan (attached as Appendix 2) prior to a presentation by the Head of Policy and Communications providing members with an overview of the action plan as part of the consultation process.

Background

- 2 The committee receives as part of the quarterly performance reports detail of Job Seekers Allowance (JSA) claimants within the County including those claiming for 12 months and more. Whilst members noted that the figure was continuing to fall they were concerned about the destination of those individuals coming off JSA. Members wanted to know whether these individuals were going into employment, onto another benefit, falling out of the system or whether this was a result of an increase in the use of government sanctions. These concerns resulted in a special meeting of the committee held in December 2014 which was attended by representatives from Jobcentre Plus (JCP).
- 3 During the meeting members of the Economy and Enterprise Overview and Scrutiny Committee expressed concerns about the impact of welfare reform in the County and when considering the refresh of its work programme in March agreed to include an overview of welfare reform and poverty issues within the County together with a summary of any work being undertaken by DCC and partners to tackle these issues.

Context

- 4 Due to the scale of welfare reform and its potential impact on families and communities in the county, regular updates on policy implications and their impacts have been prepared for members and shared with partners.
- 5 Durham County Council (DCC) members received at the Cabinet meeting on the 21 October, 2015 an update on the government's welfare reform programme and related policies affecting residents in the county together with a draft County Durham poverty action plan which builds a more comprehensive response to the changes to welfare and the wider poverty issues within the county.

- 6 Previous reports on welfare reform had highlighted the lack of a cumulative impact assessment of the various components of welfare reform at national level and drew from a number of sources to understand the potential impact in the county. The report considered by members at Cabinet on the 21 October estimated impacts across the county with included the following:
- The gap between the national rate for child poverty and that in the county has widened by 2.7 percentage points between 2007 and 2012.
 - Over 71,000 households will be affected by the introduction of Universal Credit which has just started to be rolled out in the county. This is equivalent to over one third of all households.
 - 18,900 fewer families are now claiming tax credits compared to 2011. The number of families claiming has fallen from more than one in four households then, to less than one in five now.
 - The number of people claiming the main out of work benefits has fallen from 56,000 in 2009 to 42,490 in 2015 which is the lowest level for 16 years.
 - There has been an increase in the percentage of Jobseeker's Allowance (JSA) claimants receiving adverse sanctions since new rules were introduced in October 2012. The rate in the county now stands at 5.6 percent compared to the national average of 4.1 percent.
 - 20,000 residents will be affected by the shift from Disability Living Allowance to Personal Independence Payments.
- 7 Arrangements have been made for the Head of Policy and Communications to attend committee on the 21 December, 2015 to provide members with an overview of the draft County Durham poverty action plan. The presentation will focus on:
- Background and current position re welfare reform and poverty
 - Actions to date
 - The way forward

Council's response

- 8 The council has taken a lead through a strategic and co-ordinated approach to the changes made to the welfare system to date, including how the funding available from government has been used to support people affected by the changes. This has identified the benefit of joining services across service groupings. It has become apparent that alongside the welfare reform changes there are areas of work already being delivered which are complementary and collectively address the underlying issues around the county, such as the Warm Up North scheme and the council's work on financial inclusion.

- 9 The response by the council to the welfare reform changes has been shared widely with the County Durham Partnership and has involved working corporately and in partnership with a wide variety of stakeholders. A Poverty Action Steering Group (PASG) has been established to coordinate a broad programme of work which has included: a comprehensive communications and training programme for council staff; the introduction of a local Council Tax Reduction Scheme in 2013; the use of Discretionary Housing payments and the establishment of a Welfare Assistance Scheme to support people affected by benefit changes; coordinated support through housing and training providers to help people help themselves; measures to tackle fuel and financial inclusion and the establishment of a co-ordinated advice partnership in the county. The PASG has developed a draft poverty action plan to build a more comprehensive response to the changes to welfare and the wider poverty issues within the county.

Draft Poverty Action Plan

- 10 It is difficult to distinguish between changes resulting from welfare reform, economic trends associated with recession and recovery and underlying issues including poverty. For this reason, the Council agreed to widen our response to welfare reform, to include addressing those aspects of poverty that can be tackled locally. The draft poverty action plan is attached and includes proposed actions to:
- a) raise awareness of poverty within the Council and amongst our partners;
 - b) get our services and partners to understand poverty and how we can all work together to help address it;
 - c) establish ways of monitoring how people are affected by poverty; what other issues result from poverty; and what gaps in support exist that can be addressed within the resources available;
 - d) focus closely on child poverty, issues surrounding credit and debt, fuel poverty, the impact of further changes to welfare and benefits, and initiatives to help people work.
- 11 In order to focus on the actions necessary to respond to the challenges facing the county's residents, the draft poverty action plan has been developed on six key themes agreed by Cabinet in December 2014:
- a) attitudes to poverty and raising its profile;
 - b) focus on child poverty;
 - c) credit and debt;
 - d) further welfare reform and benefit changes;
 - e) work and personal wellbeing and sense of worth.
- 12 The draft poverty action plan was agreed by members at the Cabinet meeting on the 21 October with the Overview and Scrutiny Management Board invited to comment on the action plan at their meeting on the 23 October, 2015.

- 13 Following the agreement of the draft poverty action plan by Cabinet, a period of consultation is taking place with partners providing an opportunity for them to comment and contribute to the further development of the plan. This will be fundamental to the successful delivery of the action plan and achieving better outcomes for the residents of County Durham.
- 14 The Economy and Enterprise Overview and Scrutiny Committee members will have an opportunity at the meeting on the 21 December to provide comments on the draft poverty action plan.

Recommendations

- 15 The Economy and Enterprise Overview and Scrutiny Committee is recommended to:
- (i) note and comment on the contents of the presentation and draft poverty action plan.
 - (ii) receive a further report and presentation on the progress of the County Durham poverty action plan as part of the refresh of the work programme for 2016/17.

Background papers:

Cabinet, 21 October 2015 – Welfare Reform and Poverty Issues

Contact:	Roger Goodes, Head of Policy and Communications	
Tel:	03000 268 050	E-mail: roger.goodes@durham.gov.uk
Contact:	Stephen Gwilym, Principal Overview and Scrutiny Officer	
Tel:	03000 268 140	E-mail: stephen.gwilym@durham.gov.uk
Author:	Diane Close, Overview and Scrutiny Officer	
Tel:	03000 268 141	E-mail: diane.close@durham.gov.uk

Appendix 1: Implications – as per Cabinet report 21 October 2015

Finance – The £140,000 for Area Action Partnership welfare-related projects will be met from provision carried forwards from the 2014/15 welfare assistance budget; the £35,000 additional support for the Housing Solutions Service will also be met in this way; the estimated £70,000 cost over two years for the Advice in County Durham partnership co-ordinator is being funded by welfare reforms new burdens funding; the £7,374 (plus travel expenses) to extend the contract of the Employability Performance Officer by three months will be met from the existing allocation to the employability project from the welfare assistance budget.

Staffing – There are no new staffing implications contained within the report.

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – The council's Welfare Assistance Scheme and Discretionary Housing Payments policy have been subject to equality impact assessments where appropriate.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – The draft County Durham Poverty Action Plan would be subject to consultation with other organisations and groups, including the County Durham Partnership

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A

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Poverty Action Plan for County Durham

Vision

To work together to reduce and prevent poverty as far as possible across County Durham.

Objectives

- *To raise awareness of poverty within the council and amongst our partners.*
- *Ensure our services and partners understand poverty and how we can all work together to help address it.*
- *Identify practical solutions which the council and partners can implement to help reduce and prevent poverty.*

Actions identified will be co-ordinated under five themes:

- *Attitudes to poverty and raising its profile through partnership with agencies and individuals with direct involvement in poverty.*
- *Focus on child poverty.*
- *Credit and debt.*
- *Further welfare reform and benefit changes.*
- *Work, increasing employability, personal wellbeing and sense of worth.*

Poverty Action Plan

Attitudes to poverty and raising its profile through partnership with agencies and individuals with direct involvement in poverty

Goal	How will we do this (Actions)	Timeframe	Lead
<p>Ensure staff providing frontline services understand poverty and how it affects communities and families within County Durham</p>	<p>Raise awareness amongst council frontline staff on the issues surrounding poverty through existing training programmes, to include information to help staff understand levels of poverty and the impact this is having on residents. Include in this training information on how staff can signpost residents in need of support to services and appropriate organisations</p>	<p>January 2016</p>	<p>Head of Policy & Communications</p>
<p>Make information easily available for frontline staff to help residents affected by poverty</p>	<p>Bring together in one place information about the support available to low income families and ensure that all staff are made aware of this</p> <p>Review how people currently get information and the different places they can find it, for example websites including LOCATE, leaflets and other means of making information available. Rationalise information where necessary to simplify how the information can be accessed</p>	<p>January 2016 March 2016</p>	<p>Head of Policy & Communications Head of Policy & Communications</p>
<p>Understand poverty and how it affects communities and families within County Durham</p>	<p>Establish processes to collect feedback from council frontline services and partners to understand how changes to poverty and welfare are affecting residents and to identify new issues affecting residents</p> <p>Establish a framework that includes agreed indicators of poverty and definitions of poverty. The framework will include information on Department for Work and Pensions (DWP), including benefit sanctions and delays</p> <p>This framework will be monitored regularly and results reported through the Poverty Action Steering Group</p>	<p>March 2016 March 2016 Ongoing</p>	<p>Head of Policy & Communications Head of Policy & Communications Head of Policy & Communications</p>

Poverty Action Plan

Attitudes to poverty and raising its profile through partnership with agencies and individuals with direct involvement in poverty

Goal	How will we do this (Actions)	Timeframe	Lead
All partners working collectively and thinking about how their work can help address the issues associated with poverty	<p>Put in place methods for two-way communication both within and outside of the council to include all partners that would be able to support work to identify gaps and possible solutions</p> <p>Arrange a conference on poverty, building on previous conferences on welfare reform, which will showcase how organisations are addressing issues and encourage discussion on what gaps currently exist in responding to poverty</p> <p>Work with DWP to establish a social justice programme across the County; to better understand the sanction regime; to ultimately work together to reduce the frequency and impact of benefit sanctions and delays</p>	<p>March 2016</p> <p>March 2016</p> <p>March 2016</p>	<p>Head of Policy & Communications</p> <p>Head of Policy & Communications</p> <p>Head of Policy & Communications</p>
	<p>Establish the Advice in County Durham Partnership (ACDP)</p> <p>Identify role of ACDP in helping to address issues arising from poverty and establish a series of actions to maximise the resources available to provide residents with support. Actions to be captured and monitored in the County Durham Poverty Action Plan</p>	<p>September 2015 (completed)</p> <p>March 2016</p>	<p>Head of Financial Services</p> <p>Head of Financial Services</p>
Ensure we have captured all of the actions identified to help address poverty and monitor implementation and effectiveness	<p>Review, in consultation with partners, the effectiveness of the County Durham Poverty Action Plan and update this as necessary</p> <p>Responsibility for monitoring implementation of the actions will sit with the Poverty Action Steering Group</p>	<p>March 2016</p> <p>Ongoing</p>	<p>Head of Policy & Communications</p> <p>Assistant Chief Executive</p>

Poverty Action Plan

Focus on child poverty

Goal	How will we do this (Actions)	Timeframe	Lead
<p>Ensure that poverty does not prevent young people from achieving their potential</p>	<p>Develop an understanding of how poverty is affecting children within County Durham. This will be done through engagement with existing forums and organisations including:</p> <ul style="list-style-type: none"> • Schools; Durham Schools Forum, Durham Association of Primary Headteachers and Durham Association of Secondary Headteachers • Youth organisations <p>Understand the impact our fees and charges policy has on young people from low income families</p> <p>In response to the issues identified we will:</p> <ul style="list-style-type: none"> • Undertake a review of the Council's existing key strategies and policies to identify how they address child poverty • When updating key strategies and plans ensure they include actions to address child poverty • Establish a process to ensure all new strategies and policies address child poverty, where appropriate • Review the way we work with families who come to us through the children's service single assessment process to ensure they're given appropriate support into benefits and housing services <p>Ensure the Poverty Action Steering Group is updated each term on the numbers of children receiving free thirty-hour early years places through the Early Years Strategy</p>	<p>January 2016</p> <p>January 2016</p> <p>March 2016</p> <p>Ongoing</p>	<p>Assistant Chief Executive</p> <p>Head of Financial Services</p> <p>Consultant in Public Health/Medicine</p> <p>Lead Childcare Development</p>

Poverty Action Plan

Focus on child poverty

Goal	How will we do this (Actions)	Timeframe	Lead
	<p>Resource initiatives aimed at preventing poverty and supporting children affected by utilising the pupil premium funding within schools. To facilitate this we will:</p> <ul style="list-style-type: none"> • Arrange a conference specifically to target the use of pupil premium funding to combat the impact of poverty with 50 schools attending • Ensure half of those attending commit to develop projects in their area that will tackle poverty. • Share learning by reporting back findings on an online community (with findings published more widely) or a follow-up marketplace event, to which a range of schools and settings would be invited 	December 2015	Strategic Manager

Poverty Action Plan

Credit and debt

Goal	How will we do this (Actions)	Timeframe	Lead
Residents have the best support and advice available concerning their financial situation	<p>Review the information we have on the range of financial support and advice currently available to understand how effective this is. Use the findings to improve the information and advice available, working with the Advice in County Durham Partnership, credit unions and other organisations</p> <p>Build on the existing triage process already established for welfare reform to extend to all appropriate frontline services and partners to ensure residents are provided with advice and support which helps address the underlying issues</p> <p>Increase Family Learning programmes in tackling poverty, particularly Family Literacy, Language and Numeracy programmes to raise the basic skills of parents/carers. Target programmes in areas of high deprivation</p>	<p>March 2016</p> <p>December 2016</p> <p>July 2016</p>	<p>Head of Financial Services</p> <p>Housing, Project & Service Improvement Manager</p> <p>Strategic Manager Progression and Learning</p>

Poverty Action Plan

Credit and debt

Goal	How will we do this (Actions)	Timeframe	Lead
	Ensure future commissions for Community Learning provision include anti-poverty measures	October 2016	Strategic Manager Progression and Learning
The Council to continues to provide financial support for residents affected where it can	As part of the annual budget setting process review the DCC Local Council Tax Support Scheme with the aim of maintaining the scheme, recognising this has been a key part of our support for people experiencing poverty since 2013 Extend the existing loans scheme offered by the Housing Solutions Service through the Financial Assistance Policy	October 2015 onwards October 2015	Head of Financial Services Housing Solutions Manager
Promote financial awareness in young people	Working with four schools, establish 'financial literacy champions' in each. The plan will be to reach at least four schools per year to raise financial awareness and promote a savings culture Ensure participants on the Youth Employment Initiative 'DurhamWorks' (approx. 5,000 unemployed young people) are supported to develop their financial management skills	March 2016 onwards Ongoing until July 2018	Strategic Manager Strategic Manager Progression and Learning
Raise awareness of the dangers of using pay day and doorstep lenders and promote alternative means of support	Continue to introduce and review activities to target illegal money lending, working with Trading Standards Continue to reduce the influence and impact of payday and doorstep lenders and weekly payment stores by linking into advice and credit union opportunities Continue to raise the profile of credit unions Promote salary deduction schemes for credit unions to employers across County Durham	Ongoing Ongoing Ongoing Ongoing	Economic Development Manager Economic Development Manager Economic Development Manager Economic Development Manager

Poverty Action Plan

Credit and debt

Goal	How will we do this (Actions)	Timeframe	Lead
<p>Maintain a strategic partnership to co-ordinate delivery of affordable warmth and energy efficiency programmes in County Durham</p>	<p>Establish a working group to coordinate energy conservation and affordable warmth programmes across County Durham and ensure energy conservation activities are at the heart of all services we deliver</p> <p>Update the countywide Affordable Warmth Action Plan</p> <p>Review and monitor implementation of the Home Energy Conservation Act Report to ensure actions are addressing poverty issues</p>	<p>April 2015 completed</p> <p>Review annually</p> <p>Review annually</p>	<p>Housing Regeneration Manager</p> <p>Housing Solutions Manager</p> <p>Housing Solutions Manager</p>
<p>Provide an energy efficiency advice and signposting service</p>	<p>Through the DCC Housing Regeneration Team provide a countywide one stop shop relating to ECO and Warm up North</p> <p>Promote the support that is available to private households from the Home Improvement Agency</p> <p>Hold briefing sessions with organisations that work face-to-face with vulnerable members of the community</p>	<p>October 2015</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Housing Regeneration Manager</p> <p>Private Sector Housing Manager</p> <p>Housing Regeneration Manager</p>
<p>Maximise the uptake of energy efficiency improvement programmes</p>	<p>Seek to maximise the uptake of all national energy efficiency and fuel poverty grant schemes utilising DCC's Warm Homes Campaign to co-ordinate a countywide area based delivery programme</p> <p>Distribute affordable warmth information to residents through the Warm Homes Campaign newsletter which is delivered to community venues, AAPs and Members</p> <p>Get more people to apply to the energy conservation programmes by carrying out area-based promotions</p> <p>Promote Energy Company Obligation Grant information in Council Tax communication</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Review annually</p> <p>Review annually</p>	<p>Housing Regeneration Manager</p> <p>Housing Regeneration Manager</p> <p>Housing Regeneration Manager</p> <p>Housing Regeneration Manager</p>

Poverty Action Plan

Credit and debt

Goal	How will we do this (Actions)	Timeframe	Lead
	Work with registered providers to ensure that any improvements to their housing include energy efficiency measures	Ongoing	Housing Regeneration Manager
Maintain a countywide housing energy database to target and report on fuel poverty, energy efficiency and carbon reduction programmes	Continue to maintain a countywide housing energy database to co-ordinate all relevant energy data Establish energy targets for priority housing areas identified via the housing strategy Monitor achievement of targets and success of programmes and report through to Poverty Action Steering Group	Ongoing March 2016 Ongoing	Housing Regeneration Manager Housing Regeneration Manager Housing Solutions Manager
Enable the Council and partners to respond effectively when residents are affected by fuel poverty	Train frontline staff including social workers, health workers and housing to understand the signs of fuel poverty and be able to refer residents for further help and advice, particularly where acute conditions are experienced e.g. cold damp homes Work with partners to ensure they are aware of signs of fuel poverty and can refer residents for further help and advice	January 2016 January 2016	Consultant in Public Health/Medicine Consultant in Public Health/Medicine

Poverty Action Plan

Further welfare reform and benefit changes

Goal	How will we do this (Actions)	Timeframe	Lead
Respond as appropriate to changes in the	Continue to develop the relationship with the Department for Work and Pensions (DWP) both strategically and operationally	Ongoing	Assistant Chief Executive

Poverty Action Plan

Further welfare reform and benefit changes

Goal	How will we do this (Actions)	Timeframe	Lead
<p>Welfare system and seek to understand and manage the impact on residents within County Durham</p>	<p>Through the Poverty Action Steering Group (PASG) manage how the council responds to the implementation of Universal Credit, including the establishment of the Universal Support local support framework, joint working with housing providers and other partners, preparing the Council for the change:</p> <ul style="list-style-type: none"> • Establish working group to lead the preparation for the implementation of Universal Credit • Identify initial action plan to support implementation of Universal Credit in County Durham • Establish partnership with DWP in order to implement the Universal Support framework <p>Increase the understanding of the impact of Personal Independence Payment (PIP), building on the current work being undertaken by Welfare Rights and our Children and Adult Services (CAS).</p> <p>Continue to work with housing providers and private landlords to respond to welfare reform and the impact of Universal Credit by helping tenants get the maximum support available, including Discretionary Housing Payments</p> <p>Appropriate training programmes for frontline staff to be established to provide information on changes to welfare in order that staff can advise and support residents affected</p> <p>The council will continue to work collaboratively with other councils across the North East in responding to the changes and work with ANEC and the ILG to identify impacts and share best practice</p>	<p>May 2015 completed</p> <p>January 2016</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Head of Financial Services</p> <p>Head of Financial Services</p> <p>Housing, Project & Service Improvement Manager</p> <p>Head of Policy & Communications</p> <p>Assistant Chief Executive</p>

Poverty Action Plan

Further welfare reform and benefit changes

Goal	How will we do this (Actions)	Timeframe	Lead
Continue to provide support and assistance to residents affected by changes in welfare	The Welfare Assistance Scheme to be brought in-house with a new scheme implemented from 1 April 2015	April 2015 Completed	Revenue & Benefits Manager
	Expand the scope of support available through the scheme throughout 2015, ensuring the help provided to people is better integrated across the range of support services available within the Council	March 2016	Revenue & Benefits Manager
	Develop a proposal for continuation of Welfare Assistance Scheme from April 2016 building on the development work above	December 2015	Revenue & Benefits Manager
	Continue Welfare Right's preventative work and ensure it is targeted at those most in need, using a priority system that delivers the required response	Ongoing	Revenue & Benefits Manager
Residents understand the impact of the changes to welfare	The communication programme established for welfare reform will continue. Information already produced will be updated to reflect the ongoing changes, for example the implementation of Universal Credit	Ongoing	Head of Policy & Communications

Poverty Action Plan

Work, increasing employability, personal wellbeing and sense of worth

Goal	How will we do this (Actions)	Timeframe	Lead
Increase opportunities to support residents into work	Review the overall structure of employment-related training, skills, funding and employability provision in County Durham and revise to improve effectiveness	TBC	Economic Development Manager
	Review existing employability programmes and critically evaluate these to identify those that are successful and where gaps currently exist. Identify opportunities to fill any gaps	December 2015	Economic Development Manager

Poverty Action Plan

Work, increasing employability, personal wellbeing and sense of worth

Goal	How will we do this (Actions)	Timeframe	Lead
	<p>Develop a robust and accurate ongoing monitoring programme to evaluate the effectiveness of the schemes and the value for money they provide, i.e. establishing unit costs within the scheme</p> <p>Extend the 'Mentoring and Brokerage Service' which provides help with job-hunts, CVs and applications from South Durham to other AAP areas</p> <p>Continue using the planning framework to encourage businesses to employ local people through the Targeted Recruitment and Training Programme</p> <p>Review how we promote local employment when new employers move into County Durham</p>	<p>December 2015</p> <p>December 2016</p> <p>Ongoing</p> <p>December 2015</p>	<p>Economic Development Manager</p> <p>Economic Development Manager</p> <p>Economic Development Manager</p> <p>Head of Economic Development & Housing</p>
<p>Increase opportunities to support young people into work</p>	<p>Carry out the County Durham Apprenticeship Action Plan. Use it to provide comprehensive support to help young people progress into apprenticeships; provide career opportunities and ensure young people have the skills that local businesses need</p> <p>Seek to increase Apprenticeship provision delivered through the DCC Adult Learning and Skills Service</p> <p>Implement the DCC Traineeship Programme for vulnerable young people (initial focus on Looked After Children) with identified progression pathways to Apprenticeship provision. Following this undertake an evaluation to determine the schemes effectiveness</p> <p>Implement the Youth Employment Initiative, 'DurhamWorks' which seeks to support 15-24 year old unemployed County Durham residents into employment, education or training through intensive and long-term support; innovative and engaging activities to develop motivation, work-related skills and work experience and increased employment opportunities</p>	<p>TBC</p> <p>March 2016</p> <p>March 2016</p> <p>Ongoing until July 2018</p>	<p>Economic Development Manager</p> <p>Strategic Manager Progression and Learning</p> <p>Strategic Manager Progression and Learning</p> <p>Strategic Manager Progression and Learning</p>

Poverty Action Plan

Work, increasing employability, personal wellbeing and sense of worth

Goal	How will we do this (Actions)	Timeframe	Lead
<p>Increase the opportunities for training to improve skills</p>	<p>Review all current training programmes across the county and develop a plan to introduce further programmes to fill any gaps</p> <p>DCC Adult Learning and Skills Service to prioritise delivery of training programmes for the unemployed targeting: unemployed adults, especially those long term unemployed and those living in deprived areas; adults with low or no skills; learners with learning difficulties and disabilities and those with mental health issues; adults recovering from substance misuse; and those suffering from domestic violence</p> <p>Consider how volunteering can play a part in helping residents into long-term employment</p>	<p>December 2015</p> <p>July 2016</p> <p>March 2016</p>	<p>Economic Development Manager</p> <p>Strategic Manager Progression and Learning</p> <p>Economic Development Manager</p>

**Economy and Enterprise
Overview and Scrutiny Committee**

21 December 2015



Regeneration Statement – Update

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

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an update on the Regeneration Statement.

Background

- 2 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 23 June 2015 the work programme of the committee was agreed for 2015/16 which identified that an update would be provided to members on the Regeneration Statement.

Current Regeneration Statement 2012 - 2022

- 3 The County Durham Regeneration Statement was developed in 2009 and underpins the 'Altogether Wealthier' theme of the Sustainable Community Strategy for County Durham. It sets an integrated economic development, Planning, housing and transport policy framework for County Durham and outlines the County Durham Economic partnership's approach to delivering its ambitions. The Statement specifies the spatial, social and economic priorities over the coming years whilst recognising the tough economic climate that still exists and the altered landscape of economic development and regeneration.
- 4 The Regeneration Statement was refreshed in 2012 following the experience and evidence gained during the three year period and was agreed by Cabinet on the 24 July 2012. The refreshed Statement identifies the key issues facing the county including an underperforming local economy and high unemployment. The achievement of the pre-recession employment rate will require a substantial level of private sector employment growth to replace and exceed the level of jobs lost through the economic downturn and contraction of the public sector.

- 5 The refreshed Statement suggests how these issues can be tackled through a partnership approach continuing to invest in opportunities across the County and capitalising on strengths including Durham City and Hitachi locating at Newton Aycliffe, aligning activity and leveraging private sector investment, to deliver the aims and objectives outlined in this Statement, to tackle the key issues facing the county. By building on and investing in our major assets, alongside complementary interventions this will release the county's potential for growth and connect areas of growth with deprived areas in need of regeneration. By following a phased approach across the county, utilising these opportunities we will be able to deliver the greatest impact for each locality and the whole of the county, using the resources available for the best effect. Through a partnership approach we will:
- Lift the constraints on development and stimulate investment in the economic infrastructure needed to increase economic activity and wealth.
 - Capitalise on Durham City's business and tourism potential to drive forward economic growth for County Durham.
 - Invest in our major towns, continuing with the 'whole town' approach.
 - Drive forward the delivery of new homes with the right mix of services to support growth aspirations.
 - Improve the range of choice and standard of existing public and private housing.
 - Invest in our human capital as a direct contributor to growth.
 - Address the needs of our most vulnerable residents, mitigating the impact of welfare reform.

Current position and Regeneration Statement Review

- 6 It is important the Regeneration Statement continues to set the economic and regeneration narrative for the county. Illustrating the vision, ambitions, objectives of where we want to be and what impact we expect to make. Through an integrated approach as partners we can capitalise on our strengths, make the most of our assets to lever investment and tackle key issues facing the county.
- 7 From an economic and funding perspective, along with new regional structures, there have been significant changes over the last three years. Regional priorities are now set out within the North East Strategic Economic Plan managed via the North East Local Enterprise Partnership and North East Combined Authority and at the local level within the refreshed County Durham Sustainable Communities Strategy. Although the national and local economy is beginning to recover, in County Durham we have challenging times ahead and significant economic performance gaps to narrow. Much of the available resources are opportunity led such as Local Growth Funding which is operated at a regional level. EU Structural Funding is also endorsed regionally through the North East ESIF Sub Committee and as well as investment planning being coordinated through the North East Combined Authority. The current Regeneration Statement does not recognise these changes.

- 8 To drive forward our economic ambitions it is important that County Durham continues to reflect its regeneration and economic development priorities and that these are succinctly articulated. The current Regeneration Statement is dated, and does not accurately identify our priority investments across the county that deliver against our measures of success. Through a partnership approach the review will consider and refresh the Statement to ensure that the partnership has an evidenced based and clearly articulated growth ambitions that promote a shared vision.
- 9 Initial discussions have been undertaken with partners to inform the direction and scope of the review. This has involved a Working Group Chairs meeting held in September 2015 and conversations with Durham County Council. The initial key messages are:
- Need a positive, succinct and shorter Statement
 - Established and recognised at the local level – has a variety of uses and purposes, but need to strengthen its influence and outward looking messages
 - Should continue to provide a vision and ambitions for the county – setting the direction for the partnership, but need to strengthen its economic narrative, expected measures of success and objectives.
 - Existing five measures of success should be embedded within the Statement and form objectives that drive priorities and activity. Should consider wide supporting measures and impact required.
 - It needs to continue to set the direction for the CDEP and provide the narrative for the County Durham Plan and other partnership strategies and plans
 - Recognise the value of the existing five ambitions of Thriving Durham City, Vibrant and Successful Towns, Competitive and Successful People, Sustainable Neighbourhoods and Rural Communities and Top Location for Business, however need to ensure their fit is reviewed and place more emphasis upon measurable objectives.
 - Stronger role for transport and infrastructure
 - Need to be clear about priority actions, investment and expected performance of the partnership

Next Steps and Timescales

- 10 In order to build on the initial informal consultation with partners, outline scope and direction of the review, indicative milestones and timescales have been agreed with County Durham Economic Partnership Board in November 2015. Further partnership workshops will be held in early 2016 to review targets, vision and key economic messages. An outline Statement will be discussed with the CDEP Board in February 2016. The development of the review and refreshed Regeneration Statement is being championed through Working Group Chairs. A draft Statement will be completed in the next financial year and agreed through the CDEP Board.

Recommendation

- 11 That the members of the Economy and Enterprise Overview and Scrutiny Committee note the progress of the Regeneration Statement.

Background papers:

The County Durham Regeneration Statement 2012-2022.

Contact: Andy Palmer, Head of Strategy, Programmes and Performance
Tel: 03000 268 551 E-mail: andy.palmer@durham.gov.uk

Appendix 1: Implications

Finance

None

Staffing

None

Risk

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

None

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**Economy and Enterprise
Overview and Scrutiny Committee**

21 December 2015

**Impact of public sector funding
and policy changes on the
economy of County Durham –
Report of Members’ Reference
Group – Update**



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

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 update reports. The committee has previously received an update at the meeting on the 8 January, 2015 and it is therefore timely that the progress update is provided to members at the December 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 Cabinet.

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.
- 7 It should be noted that Local Government has been subjected to further austerity measures since the last update report was tabled on the 8th January, 2015. The bulk of these austerity measures were announced in the joint Spending Review and Autumn Statement delivered to Parliament by the Chancellor of the Exchequer on the 25th November 2015.
- 8 In relation to local government Department for Communities and Local Government (DCLG) presently has a budget of £11.5bn. The core element of this budget is Revenue Support Group (RSG) of £9.5bn. The remainder of the DCLG budget is for New Homes Bonus. Over the next four years the Government's forecasts show that the DCLG budget will be reduced as follows:

Year	DCLG Budget	Reduction	
	£bn	£bn	%
2015/16	11.5	-	-
2016/17	9.6	1.9	16.5
2017/18	7.4	2.2	19.1
2018/19	6.1	1.3	11.3
2019/20	5.4	0.7	6.1
Total Reduction	-	6.1	53.0

- 9 It is expected that the £6.1bn reduction detailed above will be deducted from RSG which in 2015/16 amounts to £9.5bn, therefore on a straight line basis this would result in a 65% reduction in RSG over the four year period.
- 10 At this stage it is not possible to accurately forecast the value of the top slices to RSG on an annual basis for Additional New Homes Bonus, inflationary uplift in Business Rates and Top Up Grant and to finance the business rate safety net. The Spending Review has recognised the financial pressures facing single tier local authorities providing social care services and has created the option to charge social care council tax precept to raise additional income to spend exclusively on social care. This gives increased flexibility to raise council tax in an area by up to 3% per annum. For the council this could raise an additional income of £3.5m per annum. Financial modelling is being undertaken to understand the financial pressures. There are significant differences between how Local Authorities will plan for the cuts and future impacts of these announcements within the Spending Review.

- 11 Authorities like Durham with a relatively weak local tax base and significant adult and social care needs are unlikely to see any kind of benefit from the measures the Chancellor has introduced to offset the cut in the central grant. In reality the impact of these changes could result in deprived areas having less resources than wealthier areas; there is some deal of risk in widening the gap between income-rich and income-poor areas here producing a postcode lottery type effect. It is clear that Local Government has witnessed greater cuts than the rest of the public sector throughout the previous parliament which is set to continue through this parliament, with local taxpayers expected to cover a shortfall in funding given the announcement of new government policy without additional or new funding as has been the case with adult social care.
- 12 The spending Review announcement shows how, excluding local government, unprotected government departments have only been asked to find cash savings on average of circa 6% in terms of cuts to central government funding between 2016/17 and 2019/20. The cash reduction for central government support to local government over the period is circa 53%. Clearly resources within Local Government are becoming increasingly scarce and proportionally Councils will have less to spend on non-statutory services such as regeneration activity. The need for sustainable levels of private investment, based on market opportunity is therefore increasingly critical to our vision of a high value economy, locked into a positive cycle of higher demand and higher employment opportunities.
- 13 The approach that the County Durham Economic Partnership and the RED Service Grouping will continue to adopt is one of harnessing opportunity and utilising the assets and talents of the County to aid sustainable growth for the benefit of our residents. This emphasis will be considered and developed through the refresh of the Regeneration Statement.
- 14 Post-recession progress has been made with employment growth rising by 9,700 people from 64.8% to 68.1% within the county. There has also been a shift in the types of jobs in the County, with higher-skilled jobs replacing low-skilled work. The number of residents in managerial and professional positions has increased by 18,400 in the last two years whereas the number employed in elementary occupations has fallen by 6,700. A significant gap, however, remains between local and national employment rates, which would require around a further 16,000 residents currently not in employment to find work to eliminate. However we should not consider employment improvements in isolation to understand wider impacts and within the county we must continue to co-ordinate our investments in the social and physical infrastructure of the County whilst supporting indigenous businesses to grow, providing housing where people want to live and accelerating the natural rate of economic recovery from the financial crises of 2008 to build a more sustainable and robust economic base for the future.

The annual State of the County Report discussed the CDEP Board in November 2015 reviewed the county's progress against its measures of success and considered the wider impacts upon economic growth and progress within the county. More detail can be found of the partnership's website -

<http://www.countydurhampartnership.co.uk/Pages/EcP-CountyDurhamEconomicUpdate.aspx>.

Next steps

- 15 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

- 16 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.
- 17 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.

Contact:	Stephen Gwilym, Principal Overview and Scrutiny Officer		
Tel:	03000 268 140	E-mail:	stephen.gwilym@durham.gov.uk
Author:	Diane Close, Overview and Scrutiny Officer		
Tel:	03000 268 141	E-mail:	diane.close@durham.gov.uk

Appendix 1: Implications

Finance – The report identifies the importance of Durham County Council utilising all opportunities in relation to new initiatives for funding for example the European Funding Programme and Local Growth Funding to ensure that the County maximises economic development and regeneration opportunities currently available to support economic growth and regeneration within the 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 Members Reference Group 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 Social Value Task Group which considers and promotes the requirements of the Social Value Act and manages actions that can be implemented to help small businesses and social enterprises win more contract opportunities.

Disability Issues – The Members Reference Group 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 in light of recent Spending Review changes within service areas.

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.
 UPDATE – DECEMBER 2015**

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>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.</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. Its groups are structured and supported to enable this. 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>The partnership County Durham Regeneration Statement is currently under review. The vision, ambitions and objectives within the Statement are being considered, however it is that partners will continue to adopt an approach to harness opportunity, utilising the assets and talents of the County to aid sustainable economic growth for the benefit of our residents and businesses.</p> <p>The CDEP and Council continue to work in partnership to analyse the impact of funding and policy changes, with further analysis of the impacts of the Spending Review underway.</p>	<p>RED, DCC CDEP partners</p>	<p>Ongoing commitment</p>

	<p>Part of the approach is to maximise the opportunities to secure external funding sources to enable delivery and support delivery priorities.</p> <p>Current opportunities are in relation to Local Growth Funding, European Structural Funds and the Devolution Agreement – North East Investment Fund.</p> <p>During 2015/16 (quarters 1 and 2) the Council secured over £25m to deliver projects against its priorities. This included: over £23m Local Growth Funding for Horden Rail Stations, NETPark Infrastructure Phase 3 and Merchant Park 2 Infrastructure, £1.4m Transformation Challenge - Durham Ask and £500,000 for Lumiere. 2015 from the Arts Council.</p> <p>Further funding applications pending decision include DurhamWorks £13.4m European Social Fund (Youth Employment Initiative) resources, ERDF submission in excess of £5m for Business Energy Efficiency Programme (BEEP), NETPARK Explorer and Durham Business Opportunities Programme.</p>		
<p>Review Recommendation</p> <p>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.</p>	<p>Progress Report of Action taken to implement recommendation</p> <p>Through the Data Management Group an annual State of the County Report is produced. The latest report was presented to the CDEP Board on November 3 2015. The report and presentation considered performance against the partnerships’ five measures of success and key economic messages.</p> <p>The county has suffered deeper and longer impacts as a result of the recession in comparison to the national picture. Whilst, the county is witnessing 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>Resib'ty</p> <p>County Durham Economic Partnership</p>	<p>Timescale</p> <p>Ongoing</p>

The full State of the County Report can be found on the [County Durham Economic Partnership Website](#). The main headline presented within the report are as follows:

- Since 2012 the employment rate has risen from 64.8% to 68.1% (an increase of 9,700 people). This remains low compared to the pre-recession peak. The latest male employment rate (74.2%) in particular has grown sharply and now exceeds the overall target employment rate for the county (73%) and is above the North East male employment rate (by 1.1%). The number of self-employed people rose from 16,100 to 26,400 in County Durham, an increase of 62%.
- Latest ONS estimates of the number of businesses show there were 12,370 active enterprises in County Durham in 2013. This is a net increase of 185 (+1.5%) enterprises since 2012 lower than regional (+3.4%) or national (+3.4%) changes. The total business stock remains below the national average and dominated by smaller businesses.
- Total value of North East economy (2013) is £45.4bn and County Durham contributes 16% of this total (£7.3bn). In 2013, GVA per head grew at 6.8% significantly above both the North East growth rate (2.8%) and the national average (2.6%).
- Gross Disposable Household Income has increased 18.4% since 2008 more than regional (18.2%) or national (16.9%) comparisons. However, locally growth over the longer term has been relatively low.
- The 2015 Indices of Deprivation (released in September 2015) revealed that 150 County Durham LSOAs are ranked in the top 20% most deprived on the Employment Domain. This is 18 fewer than in previous release but remains more than double the target of 65.

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 approaches to deliver economic growth over the longer term.

<p>Review Recommendation</p> <p>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.</p>	<p>The Board agreed that the employment rate remain the priority measure, however these measures are being reviewed through the Regeneration Statement Review.</p> <p>By strengthening our assets and investing in our economic infrastructure, as partners we can release the county's potential for growth. By working closely with partners through the North East Local Enterprise Partnership (NELEP) and the North East Combined Authority, and submitting project proposals for Local Growth Funding and through the development of the North East European Structural and Investment Funding, 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>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> <p>Progress Report of Action taken to implement recommendation</p> <p>The council and CDEP are committed to this approach. It is important that we take a balanced approach and 'do the right things in the right ways' 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>
	<p>Resib'ty</p> <p>RED, DCC</p>
	<p>Timescale</p> <p>Ongoing commitment</p>

- Durham City Board with a portfolio of initiatives to exploit the potential opportunities of the city, examining transport links within the city and infrastructure. Continued dialogue with current developers, investors and strategic bodies including; HCA, Carillion, Banks Group, Atom Bank, Durham BID and the FSB to better understand needs and opportunities for the City has continued. Key projects and developments being supported through the Board include Millburngate House, Northern Quarter, Aykley Heads, Mount Oswald, Wharton Park and Elvet Waterside.
- Local Growth Fund investment to open up sites at Merchant Park II, NETPark Infrastructure Phase 3 and Horden Rail Station which will through infrastructure enabling works lead to job creation and improve access to employment opportunities in the medium term. Merchant Park II will lead to the creation of over 3,000.
- Investment in innovation, business growth and managed workspace at NETPark to expand and enhance this technology park.
- Support to business with potential for growth and additional employment
- Access to finance for business and employment growth
- Business creation / self-employment through programmes and initiatives such as Durham Creatives and 'Get the Buzz' campaign supported through the Business Education Board. The Durham Creatives project has continued as a great success story. Since inception in July 2012, key outputs achieved to date include, 500 people engaged, 77 creative businesses started up, 90 jobs created and 45 businesses assisted post-start. Recent evaluation highly commended the approach and continuation resources are currently being resourced. The 'Get the Buzz' no has a brand website and a successful launch of the Get the Buzz week took place with July 2015.
- Development and proposed allocations of employment land in the County Durham plan
- Co-ordinated efforts to market Durham through events, Visit County Durham and Business Durham - to exploit business opportunities from higher visitor numbers

- Additional housing and facilitating housing growth to attract more employed people and create demand in the local economy
- Employability and skills development projects such as County Durham Apprenticeships and Generation North East

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. The County Durham Skills Strategy was agreed in 2014. 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. Notably this has meant the group influencing the DCC Banking Services contract with specific incorporation of social value outcomes within the final contract.

This included support for local credit unions, pro bono business support for third sector organisations, support for local business development, money management advice in local schools and a requirement for Lloyds to devote at least 350 hours per year to specific activities linked within this scope.

The EU Programme has become an extensive programme of work and a County Durham Investment Group has been established with continuing support from workstream leads to champion and manage the development of a programme within the county. The Investment Group, along with the BESWG have an important role in influencing and discussing prospective local applications under ERDF, ESF, EAFRD and YEI funding open calls, opt-ins and national BIS products.

The County Durham Housing Forum is a partnership of the main social housing providers across the county and continues to consider a range of issues that impact upon the economy including, welfare reform, housing need, affordable homes and community safety.

County Durham currently has a population of over 513,000 people and the housing market that supports the population is therefore diverse in nature. There are at present approximately 236,000 dwellings with a tenure profile as follows:

- 65.8% are owner-occupied dwellings
- 20.3% are Social Rented
- 13.8% are Private Rented
- 0.2% are intermediate tenure (shared ownership)

The Housing Strategy is a guiding strategic framework for the forum and is currently being reviewed. This refresh is currently delayed (due to delays with the County Durham Plan). 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.

A key element of the strategy is ensuring the right housing support is available to our communities. Building on the welfare reform/anti-poverty work led by DCC, the Housing Forum has established an anti-poverty group. This group continually builds our understanding and monitors intelligence on the impact of changes to welfare policy. This in turn has led to a series of recommendations for action that DCC and social housing providers are developing and then implementing. Housing has a strong strategic link across thematic partnerships. Working with DCC Care Commissioning, social housing providers are influencing the next programme of Adult Care Commissioning. Currently under development is a wider partnership workshop with a specific focus on the prevention agenda, to develop this opportunity further.

	<p>The Forum provides a successful partnership platform for discussion, promotion of opportunities and influencing of a number of housing 'business' areas including <i>Homes & Community Agency programmes and activity</i>. This involves ensuring regular dialogue with the HCA to understand the opportunities available to County Durham but also play into regional and national debates to influence and shape emerging policies, for example the starter homes programme.</p>		
<p>Review Recommendation</p> <p>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.</p>	<p>Progress Report of Action taken to implement recommendation</p> <p>The CDEP continue to take 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. This Plan is due to be updated in early 2016.</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 2015 to illustrate the breadth of activity that is being considered via partners.</p> <p>The CDEP's Vice Chair is a member of the 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 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.</p> <p>The EU Programme and Funding Report presented to Scrutiny in September 2015, informed Members of the delays and recent development of the ESIF Programme and approach within Durham. A separate update in early 2016 will outline the current position.</p>	<p>Resib'ty</p> <p>CDEP</p>	<p>Timescale</p> <p>Ongoing commitment</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 develop Local Growth Fund and devolution proposals as appropriate . In early 2016, Local Growth Fund proposals will be considered for resources in 2016/17 – 19/20.</p>		
<p>Review Recommendation</p> <p>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.</p>	<p>Progress Report of Action taken to implement recommendation</p> <p>The CDEP and RED agree to provide timely update reports on the programme of the EU funding programme 2014-2020. The last update reports were received in September 2015.</p>	<p>Resib'ty</p> <p>RED, Strategy, Programmes and Performance</p>	<p>Timescale</p> <p>Regular ongoing updates</p>
<p>Review Recommendation</p> <p>6) That a review of this report and progress against recommendations will be undertaken six months after the report is considered by Cabinet.</p>	<p>Progress Report of Action taken to implement recommendation</p> <p>Update position provided within this report.</p>	<p>Resib'ty</p> <p>RED, Strategy, Programmes and Performance</p>	<p>Timescale</p> <p>Six monthly</p>

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**Economy and Enterprise
Overview and Scrutiny Committee**

21 December 2015



Business Durham Activity

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

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an update on the work and impact of Business Durham since its previous report in October 2014.

Background to Business Durham

- 2 Business Durham, the economic development company for County Durham aims to deliver the environment for business and economic growth. Its overarching objective is 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, and
 - Increasing numbers of jobs safeguarded/created.

All of this is undergirded by the ambition of raising the economic aspirations of our client groups.

- 3 Business Durham operates the Council's industrial business property portfolio in a commercial way, both to attract and grow tenant companies but also to use any surplus to pay for Business Durham's public good activities in business engagement, innovation, sector development, inward investment and enterprise.
- 4 Business Durham focuses on sectors where activities will have the most economic impact in terms of jobs, more specifically, higher value jobs. These sectors (effectively, non-retail and non-leisure) account for approximately 9,000 businesses (VAT/PAYE registered) in County Durham.
- 5 Business Durham benefits from an Advisory Board, supported by Members and private sector board members, to help advise, inform and support the operations of the team. Operationally, Business Durham has three teams:
 - Business Space Team: has responsibility for the marketing, letting, management and development of the Business Durham business property portfolio across the County, consisting of 483 individual lettable units and 22 compounds totalling 716,000 sq. ft, including modern offices and managed workspace facilities, factories and NETPark. The Team is based across five locations: NETPark, Consett, Tanfield, Stanhope and Durham City.

- Business Development Team: aims to promote enterprise, foster the environment for new businesses to start up, and enable businesses in the County to develop and grow. The team takes the lead on engaging with businesses through an area-based and sectoral approach and works closely with partners such as the enterprise agencies, engineering and manufacturing forums, and local, national, and international business networks.
- Innovation and Growth Team: oversees inward investment, the innovation agenda, sector development, site-specific propositions and the NETPark product (not real estate).

Performance

6 Business Durham's performance at the end of 2014/15 can be seen in Table 1.

Target	2013/14 performance	2014/15 target	2014/15 performance	2015/16 target	2015 performance YTD to 31/10/15
Occupancy	75%	77%	79.12%	79%	84.95%
Percentage debtors (by number of tenants)	12%	10%	17%	8%	14%
Revenue targets as per budget	£2.84M	£3.08M	£3.254M	£3.09M	£1.82M
Budget deficit	£608,999	£327,385	£317,429	£121,981	
Number of businesses engaged	581	720	1,134	800	786
- Of which projects identified with	-	65	77	75	74
Business enquiries handled	1,151	1,200	1,202	1,200	745
Number of jobs (gross) new and safeguarded	3,688	2,400	1,567	2,400	791
Number of people engaged in enterprise activities	2,365	1,000	1,091	1,200	713
Business start up	-	26	33	0	0
Inward investment successes	-	10	6	11	4

Table 1: Business Durham Performance

7 Assuming an average GVA per employee in County Durham, these jobs supported by Business Durham in the year 2014/15 equates to £47M GVA in County Durham.

Enterprise, Engagement and Outreach Activities

- 8 Business Durham has been active in promoting enterprise and an entrepreneurial culture, through initiatives with schools, colleges and Durham University. Business Durham works closely with key partners, in particular the four enterprise agencies which provide advice to individuals who wish to start a business and deliver the Welfare Reform Self-Employment Programme.
- 9 Business Durham's flagship enterprise promotion tool for young people is the Future Business Magnates (FBM) enterprise competition, which engages over 200 young people per year in enterprise, and connects County Durham businesses with schools. The competition runs throughout the academic year and involves students developing their own business and creating a comprehensive business plan. The 2014/15 competition, its 10th anniversary, equalled the success of the previous year, with 24 secondary schools participating, including two schools new to the project and a number of new business partners supporting the competition. The theme was 'Discovering, Detecting, Developing a Different Use of Light' to tie in with the United Nations' International Year of Light. The students came up with some innovative ideas, including new forms of safety products using light to monitor and alert people to dangers, illuminated learning tools and visual displays, innovative uses of light for events and in toys, and lots of new ways to incorporate light into everyday products. The winning team was from Durham Johnston with a 'GlowFlow EcoTap', using light to illustrate when water was being wasted (see Appendix 2 for images).

- 10 The 2015/16 FBM competition was launched in November 2015, with 20 schools participating. This year's theme is 'The Home of Manufacturing', challenging the teams to develop a business idea based on a product for the home that can be manufactured in County Durham.
- 11 Following a successful pilot, FBMplus was launched in January 2015, offering 16 to 18 year olds the opportunity to set up and run their own business in a competitive environment. Durham Sixth Form Centre, St Leonards Catholic School and Sixth Form College, Framwellgate School, East Durham College and Bishop Auckland College all participated and a further round for 2015/16 has recently been launched with 20 young people taking part.
- 12 Business Durham has an established network of delivery partners with whom enterprise promotion initiatives can be developed and commissioned. Examples of initiatives undertaken over the last year included:
 - Sponsoring two Kickstart Weekends at Durham University in February 2015 and November 2015, which attracted a total of 58 budding entrepreneurs keen to develop their business ideas. An enterprise talk was also delivered to 50 students at Durham University Business School in early February 2015.
 - Sponsoring and helping to engage businesses in Consett Academy's first Careers and Business Fair for Year 11 students, held in February 2015.
 - Supported the final of the Durham University Blueprint Enterprise Challenge, held at St Aiden's College, and the final of the Dragons Den competition held at Durham University Business School, both of which took place in April 2015.
 - Delivered a number of enterprise talks to students at Ferryhill Business and Enterprise College, Woodham Academy, and Whitworth Park Sixth Form.
- 13 In order to develop new creative businesses in the County, Business Durham, with funding from Durham County Council, County Durham Economic Partnership and ERDF, commissioned a programme of support for people starting creative businesses throughout the County. The programme comprised a range of workshops, coaching sessions and mentoring opportunities delivered under the brand of Durham Creatives, and ran until the end of September 2015. Final outputs figures are currently being collated, but current figures indicate that 139 individuals were assisted to become enterprise ready, 85 new creative businesses started up and 100 jobs were created, increasing County Durham's GVA by £3M.
- 14 The Durham Creatives programme was particularly successful in engaging with female entrepreneurs. Based on this experience, Business Durham worked with Digital Durham to secure £75k funding from Broadband Delivery UK's Women and Broadband Challenge Fund for a project to help women boost their economic wellbeing by taking advantage of superfast broadband to either start a business or work from home. This project provides an opportunity to maintain and extend the network established through the Durham Creatives programme.
- 15 In 2014, Business Durham commissioned a self-employment support option for people affected by Welfare Reform in the County. Delivered by the four enterprise agencies in the County, the programme is aimed at those for whom self-employment may be a possible route out of the Welfare Reform impacts, but who are either ineligible for, or require more one-to-one support than is available through other start-up programmes. To date, 44 people have been supported into self-employment through the programme, which will continue to run until the end of March 2016.

- 16 The NETPark outreach activity continued, with a strong presence at the annual Sedgefield Day: two local astronomical societies brought their telescopes, we sponsored the local football youth team, ran a competition for the local primary schools about inventions of the future, and trained some students at Sedgefield Community College to be science buskers. As part of the Business Durham/NETPark science outreach and engagement programme, three public lectures were held: Miranda Krestovnikoff gave a talk about the coastline of Britain in March 2015, Simon Singh gave a talk on coding at the Gala Theatre in May 2015, and Dr Adam Rutherford, science writer and broadcaster, gave a talk on the story of genetics at Durham University in June 2015. Two teacher CPD events were also delivered.
- 17 Business Durham approached New College Durham to explore the idea of teaching innovation as part of their (foundation) degree courses: the College is enthusiastic about this idea and we hope to launch for the next academic year as a dedicated module within several degree courses.

Business Engagement

- 18 A key part of Business Durham's role is to engage with businesses in the County, to connect them with the right funding, advice, and networks they need to grow and thrive, and to develop longterm relationships in order to help ensure the future sustainability of the businesses and the County's economy. Business Durham continues to support its strategic initiatives, such as the Business Park Communities, to enable it to engage effectively with businesses, as well as directly engaging with individual businesses and supporting major employers in the County through its Strategic Account Management activities. In 2014/15, over 1,200 businesses were supported during the year, including advice and signposting on a range of issues such as identifying new premises for business expansion, purchasing land, planning issues, training and recruitment issues, access to funding, support with marketing and general business development. Examples of the companies assisted with major projects can be found in Appendix 3.
- 19 A particular area of focus is helping businesses to access funding. One specific fund is the Let's Grow grant scheme, a £60M Regional Growth Fund operating across the North East since 2013. In the first round, funds were awarded to 20 businesses committing £45M towards growth projects, receiving £8.1M of grant creating or safeguarding 839 jobs. County Durham received 29% of the allocation. Phase Two has been running since July 2014 and, to date, funds have been awarded to 14 businesses, committing £17M towards growth projects, receiving £2.8M of grant, creating or safeguarding 363 jobs. County Durham has been awarded 18.3% of the allocation, with North Tyneside receiving 20.5% and Sunderland 20.3%. There are a two more rounds of Let's Grow and Business Durham continues to promote the fund.
- 20 We continue to support the wider regional agenda and have actively engaged with Tees Valley Unlimited, and Redcar and Cleveland Council to offer help in the wake of the severe job losses happening on Teesside. Business Durham has approached the Business Park Communities to source vacancies, directly notified over 500 businesses and intermediaries about the Jobs Fair, and will continue to alert employers to future Jobs Fairs as these take place. Employers that have shown interest in the SSI workforce include Great Annual Savings, CAT, AKS, 4 Cool Technology, Albany Services and Northern Freight.
- 21 The Business Durham-initiated Business Park Communities, based around the key industrial estate locations, are working very well. Private sector-led, these Communities have been instrumental in achieving positive changes for businesses, including improved engagement, a better understanding of the issues, help businesses get to know their neighbours and to identify potential opportunities.

- Aycliffe Business Park Community celebrated its second birthday with a celebratory News and Networking event in January 2015, and the Steering Group is taking forward discussions on formally constituting of the group.
- Peterlee Business Park Community has established a series of events, including Apprenticeships, Training, Employment, 'Network with your Neighbour', and Social Media.
- Drum Business Park Group has ensured that improvements have already been made to the environment through partnership working with Durham Constabulary, Neighbourhood Wardens and the Probation Service, and has developed a logo, and newsletter for the Park, with a website currently under development.

22 The Durham Social Value Taskforce, chaired by Cllr Neil Foster and facilitated by Business Durham, met in October 2015 to receive an update on progress. The County Council's spend figures for the 2014/15 financial year have now been analysed, as in Table 2. 43% of the County Council's total third party spend was with County Durham suppliers, and 70% of its total spend was with North East suppliers, making a positive contribution of £350M to the region's economy:

Supplier Location	Value	% of Total Spend
North East suppliers	£350,588,109	70%
County Durham suppliers	£216,992,381	43%

Table 2: Durham County Council Spend

23 The Council continues to do substantial business with SMEs, with 52% of its total spend being with SMEs, and a third of its total spend being with County Durham SMEs (Table 3). The Council's performance significantly exceeds the targets set by Central Government for local authorities to achieve 25% of total spend with SMEs by the end of the current financial year. The Social Value Taskforce is a good example of partnership working, involving Business Durham, DCC Corporate Procurement, the Federation of Small Business (FSB) and other local partners, and Durham's approach continues to receive national recognition with DCLG/National Audit Office visiting in November 2015 as part of a study they are doing into 'Commissioning and Contracting with Smaller Providers'.

Supplier Category	Value	% of Total Spend
SMEs (total)	£262,708,691	52%
North East SMEs (including Co. Durham)	£220,621,593	44%
County Durham SMEs	£158,958,318	32%

Table 3: SME Spend

24 Business Durham has engaged with businesses throughout the year via a range of events with local business networks, such as the Derwentside Business Network, Durham Business Club, and the FSB, as well as working in partnership with other organisations to support events that open up opportunities for County Durham businesses. Examples of this include working with the North East defence sector body (NDI) to arrange a 'Selling to the MoD' event which went well, with over 30 participants at the event, and sponsoring Durham Business Club's January 2015 event, in conjunction with Digital Durham, to enable over 90 businesses to hear how superfast broadband could benefit their business.

25 In addition, and as part of the ambition to increase the reputation of Durham as a place where business is done, Business Durham has also initiated its own networking event in Durham City, Durham 2sday. The inaugural event was launched in September 2015 with over 70 delegates. The second event in October 2015 saw another 70 delegates from a wide variety of sectors attend the event at Esquires Coffee Shop in Durham City with very positive feedback from all. The event continues to run on the second Tuesday of every month.

- 26 Manufacturing is a vital part of the County Durham economy and employs 15% of Durham's residents, providing 20% of its GVA. To support the sector, Business Durham has been actively involved in supporting the establishment of the County Durham Engineering and Manufacturing Network (CDEMN) from a merger of the three former Engineering and Manufacturing Forums. The new network is chaired by David Land. Business Durham has also launched the Manufacturing Task Force, co-chaired by Cllr Neil Foster and David Land. This Task Force is charged with ensuring that the existing strength of manufacturing in Durham is retained and enlarged. Subgroups were set up in Data Mapping and Collection; Business Support Requirements, and Celebrating Success. The data mapping is essential to understanding capabilities and therefore opportunities for supply chain development and winning new contracts. The business support requirements group assessed the gaps in current provision and the celebrating success theme has generated the 'House of Durham' infographic, which was launched at Oktoberfest 2015 to showcase how much Durham provides for our daily lives. This followed the creation of a general infographic showcasing the importance of the engineering and manufacturing sector to Durham's economy. The infographics can be seen at Appendix 4 and this will be the first of a series of infographics showcasing different sectors.
- 27 Hitachi Rail Europe's Rail Vehicle Manufacturing Facility at Aycliffe Business Park continues to be a major project: in the period covered by this report, we have had both the topping out ceremony and the official opening, an event attended by several hundred people, mostly from outside the region, including Hitachi's main board from Japan, Hitachi's customers and suppliers, the Prime Minister and Chancellor of the Exchequer, and the Secretary of State for Transport. Actual production of carriages commences in November 2015.

Inward Investment

- 28 81 inward investment enquiries were received in 2014/15, broken down as in Table 4 below. The majority of these enquiries came direct to Business Durham, although we work closely with UKTI and the regional inward investment team, Invest North East England.

Expansion	66
Relocation	31
Start up	3
Sector (where recorded)	
Manufacturing	46
BPFS	24
Science and Technology	12
Energy and Environment	7
Misc (mainly services)	19
Geography	
UK – North East	22
UK - National	28
USA	8
Germany	3
Europe - other	17
Japan	3
India and East Asia	3
Middle East	3
Other	7
Foreign - unknown	8

Table 4: 2014/15 Enquiry Analysis

29 From these enquiries, there were six successes in 2014/15 creating a total of 719 jobs across the County (Table 5). The year to date performance for 2015/16 is shown in Table 6.

Successes 2014/15	Source	Property Size sq. ft	Investment	Jobs	Location
Atom	Direct	40,000	£10M	400	Durham City
Kans and Kandy	Direct	125,000		50	Seaham
Complement Genomics	Direct	5,000	£425K	15	Lanchester
Two Touch	Direct	10,000		13	Seaham
Encore Envelopes	Referred by SCC	75,000	£4.4M	41	Peterlee
Great Annual Savings	Referred by Developer	13,000	£25K	200	Seaham
		288,000	£14.825M	719	

Table 5: 2014/15 Successes

Successes 2015/16	Source	Property Size sq. ft	Investment	Jobs	Location
Icarus	Direct	20,000	Not yet confirmed	14	Peterlee
Natural Technology Development	Direct	500	Not yet confirmed	2	Consett
International Cookware	Direct	76,000	Not yet confirmed	34	Seaham
ITPS	Direct	20,000	Not yet confirmed	30	Chester le Street

Table 6: 2015/16 Successes to date

30 This year, Business Durham started a new approach to attracting inward investment, being more proactive than reactive. This has required the creation of new propositions, use of data analytics to identify target companies to engage and the commencement of a lead generation campaign focussed on businesses in South East England. It is still too early to assess whether this approach is working fully, but early signs are positive, with a pipeline of active projects, which are summarised in Table 7. We are also creating a Durham 'capacity' map, indicating the potential for new or expansion projects over what timescale, e.g., Aykley Heads will create 6,000 jobs in Service Tech but over the next 10 years, Spectrum has the capacity for another 3,000 IT type jobs and is immediately available, Durham Gate has plenty of land but no buildings. At the moment Durham's principal barrier to sizeable inward investment projects is the lack of available property to move into quickly, as there is limited speculative development happening. It is anticipated that the recently announced Enterprise Zone in the North East, which include Hawthorn in East Durham, will address some of these capacity issues. For information the inward investment projects lost to County Durham are shown in Appendix 5.

Current Significant Projects	Source	Geography	Property Size sq. ft (000)	Investment £M	Jobs	Place	Notes
Contact Centre	Direct	National with regional outpost	40		325	Easington	The promised contracts did not transpire and the company actually lost some jobs in the NE. The local manager re-emerged and is associated with a current large enquiry that is based in part on re-shoring.
Materials Technology	Direct	Regional	20	13	55	NETPark	The company is seeking an alternative technical solution and plans are deferred for 6-9 months.
Manufacturing	Direct	SE	45	1.4	60	Derwentside	A Let's Grow grant of circa £250k has been negotiated in principle and legals for building acquisition will complete before Christmas 2015. Though the Southern base will be retained, the new site will be the focus and engine for growth.
Manufacturing	Direct	NE	87	1.5	30	Sedgefield	A new process to add to existing operations. A highly cautious approach by the landlord to planning issues has delayed the project and during this time sales prospects from two key customers have reduced and the project is under review and a decision one way or another is expected before Christmas 2015.
Biotech	Direct	USA	2			NETPark	Discussions are underway as to how to fund fit out but the company is keen to locate at NP.
Contact Centre	Via Developer	North	20	0.7	400+	Easington	The client is keen on the location and property offer but needs to finance the expansion and the case is complex. An application for Let's Grow RGF has been made with BD support.

Manufacturing	Direct	Scotland	60		40	County-wide	The company has slowed its plans citing economic slowdown and uncertainty caused by EU referendum. Its short term alternative is to find a smaller and cheaper base for a sales outlet and depot to prove the market.
Manufacturing	UKTI	Germany	750	56	400	Easington	This is a National enquiry with 3 regional sites put forward including one in the County. Strong competition from Wales (and its finance package) exists which makes it the front runner but the proximity to a local OEM could be important.
Technology	UKTI	USA			50	NETPark	Technical Service Centre. It visited in October 2015 and plans to re visit and seek contacts with local tech companies to gauge market demand.
			1,024	72.6	1,360		

Table 7: Active Inward Investment Projects

- 31 Re-investment continues to be a source of jobs for the County; in the period covered by this report there were eight significant projects, all manufacturing, accounting for 324 jobs and nearly £50M of investment from companies such as Husqvarna, AKS, Faerchplast, Gestamp and Tridonic.
- 32 Business Durham attended MIPIM UK with Local Authority partners and the private sector. Business Durham met financial institutions who might be development partners for Aykley Heads and NETPark; showcased the North East as a coordinated region/destination for investment, and strengthened ties with public and private sector partners. Business Durham also continued to support the Investment Gateway Manager with the development of propositions for the North East Local Enterprise Partnership (NELEP) area.

Innovation

- 33 In November 2014, Business Durham launched the new 10 year vision for NETPark, to become the global hub for materials integration, drawing inspiration from the way companies such as Kromek plc integrate material into high value end products with high economic and social impact. The elements of this vision are now being put into place, including premises, skills, research excellence (see Appendix 6 for a map of NETPark companies' university collaborations: at nearly 160, this is a very high number) and innovation support infrastructure. As part of this, NETPark Net, the innovation community of 300 companies, has undergone a fundamental review to transform into the delivery vehicle for this innovation support, looking at all aspects: finance, markets, talent attraction, technology development and supply chain development. The value of this approach is to embed NETPark in the existing expertise of the North East: companies at NETPark require design, prototyping, engineering, manufacturing, finance, marketing, etc. More emphasis has been placed on external stakeholder engagement with several visits to NETPark by BIS, Innovate UK and the NELEP. A Materials Integration Summit was held in May 2015 with representation from the Campaign for Science and Engineering, Institute of Physics, the Scale Up Institute, Research Council, Innovate UK and many others.

- 34 Last year, Business Durham led a regional (North East and Tees Valley) consortium to win a regional Centre of Excellence at NETPark for the Satellite Applications Catapult. The Catapult was set up to help businesses extract value from the data generated by satellites, e.g., environmental monitoring, maritime tracking, etc. It has had a successful first 18 months with its first conference attracting over 170 delegates at the Xcel Centre, attracting five new start-ups, supporting 89 businesses and delivering 11 clinics, workshops and business leader debates. The Centre of Excellence supported Durham-based Realsafe Technologies, the UK winner of the European Satellite Navigation Competition 2015, along with Weardale-based Farmwatcher UK which was awarded second place in the UK in the same competition. Current projects include the delivery of an Urban Planning Service for Sunderland City Council using satellite imagery, a collaboration between Newcastle University and the Satellite Applications Catapult to tackle satellite data acquisition and analytics using Web 3.0 and linking North East SME into a European Space Agency (ESA) project.
- 35 Throughout 2015, Business Durham has undertaken activities linked to the United Nations' International Year of Light, including a dedicated webpage to highlight Durham's connection to 'light', a monthly case study with associated online promotion, a teacher CPD day and participation in Visit County Durham's development of 'Durham: Place of Light' place brand.
- 36 Business Durham is leading a project to develop Durham's healthcare offer, as part of the overall strategy to encourage businesses to locate here, grow here and diversify here. We are using economic development activity (attracting more investment into County Durham and encouraging companies in County Durham to diversify and grow leading to more jobs and better jobs) to deliver transformative public health outcomes. The overarching theme for Durham's healthcare offer is to create County Durham as a living lab for innovation in tackling the health causes and consequences of social isolation, essentially stopping people becoming patients. This has attracted significant interest from national organisations such as Innovate UK, Catapult Centres, and the Northern Health Science Alliance. Business Durham has been working closely with DCC colleagues in Public Health, Housing, Social Care, IT, as well as Durham University, CPI, the Durham and Darlington NHS Trust and Clinical Commissioning Groups. There are various elements to this programme:
- Durham University and the NHS are mapping A&E pathways to understand the different pressure points
 - Participation in the NELEP's Health Grand Challenge Steering Group
 - Participation in a collaborative InnoSup EU project called MixITup
 - Participation in the NHTA's Health North initiative
 - Participation in an EPSRC call 'Healthcare Technologies Grand Challenges'
 - Commissioning a 'pit-stop' programme to test the capabilities of the local economy to meet healthcare challenges in mental health, malnutrition, conditions such as CVD and COPD, falls, etc.
- 37 CPI has secured the National Healthcare Photonics Centre for NETPark, due to open in 2017. The area offers huge potential for the UK and the global healthcare sector. Applications are wide-ranging from wound, skin and cancer care to niche applications in neurology and ophthalmology. CPI has also secured the National Formulations Centre, also due to open in 2017. Complex formulated products underpin many sectors in the UK economy; examples include perfumes, medicines, cosmetics, washing powder, processed foods, paints, adhesives, lubricants, composite materials and pesticides. The National Formulation Centre will focus specifically on the areas of product and process design, delivery, stability and sustainability. This means that NETPark has three national technology centres and two Catapults.

Business Property

- 38 Business Durham continues to strengthen relationships with tenants at The Durham Dales Centre, hosting a successful Enterprise Day with representatives from the public and private sectors giving advice about key issues.
- 39 NETPark is in its 10th year and supports 23 science and technology businesses (two are PLCs) employing 400 people and adding approximately £65M to the County's economy. Building on this success, the Council's Cabinet approved £12.9M in October 2014 to provide an additional 70,000 sq. ft at NETPark over the next three years, creating up to 250 new jobs. The ambition is to repay the funding from the rental income of the new buildings and this could pave the way for more investments over the next three years which would see the existing Phase 2 of NETPark fully complete. As a result, planning for Phase 3 of NETPark is already well underway with the NELEP awarding Business Durham £6.83M in November 2015 to provide essential infrastructure to develop a further 13.2 ha of land, ultimately creating a further 750,000 sq. ft of space and a further 2,400 new jobs.
- 40 A number of ongoing improvements have been made during 2015 to ensure the property portfolio is operating as efficiently as possible. This has included extensive remedial works to Tanfield Lea Business Centre, a new pumping station installed at Randolph, new gates and fencing at Dean and Chapter funded by Cllr Avery's neighbourhood budget, disposal of Enterprise Place at Tanfield Lea Industrial Estate to Hodgson and Sayers Limited, demolition of three redundant buildings at Stainton Grove Industrial Estate, four lease renewals completed at Randolph Industrial Estate and nine underway at Chilton, and service charge reviews completed at Crook and Shildon Business Centres. Looking ahead, there are further planned investment in properties at Chilton, Tudhoe and Dean and Chapter Industrial Estates. All these are helping to make the portfolio and operations more commercial.
- 41 This year has seen the implementation of more focused communications activity. Business Durham has a good relationship with tenants and meets all of them at least twice a year, informally much more often and this can often lead to referrals for new tenants. However, there are some estates where the units have been harder to let and so an analysis was undertaken to understand where most impact could be achieved with a focused approach. The conclusion was that Stainton Grove in Barnard Castle and Tanfield Business Centre would benefit most and Business Durham therefore undertook a time-limited campaign using an appropriate mix of channels and media, piloting the approach with Stainton Grove. The results are pleasing: in the campaign period (Sep/Oct 2015) the year on year 2015/2014 comparison is 7/4 enquiries, 15/2 viewings, 1/0 lettings, 2/0 jobs, £11,840/£8,563 income. Occupancy has increased from 44% to 67% with another letting in progress, meaning there is now only one unit left at Stainton Grove. The campaign has had spin-off benefits in terms of upskilling Business Durham staff, cross-team working, increased local knowledge and better relationships with tenants. Although the focus now shifts to Tanfield Business Centre, activity will continue at Stainton Grove at a lower level of intensity to maximise occupancy and income.
- 42 Overall occupancy for the whole portfolio at the end of March 2015 was 79.12% creating 233 jobs. The market for property remains competitive, especially for office space and incentives are still required to secure and sometimes retain tenants. Table 8 shows performance at the half year mark which indicates that Business Durham is on course to achieve the forecast increases in occupancy and income.

Indicator	2013/14 target	2013/14 actual	2014/15 target	2014/15 actual	2015/16 target	2015/16 actual to 30/09/15
Enquiries	260	235	275	340	205	141
Viewings	140	193	200	300	200	111
Lettings	70	76	90	79	85	39
Vacates	35	54	35	39	35	29
New jobs created	150	255	150	233	150	94
Occupancy	75%	74.22%	77.00%	79.12%	79%	84.2%
Total Income	£2,857,625	£3,133,139	£3,030,000	£3,254,000	£3,090,000	£1,573,640

Table 8: Property Performance

43 In addition to focusing on the promotion and letting of property, as part of the increasingly commercial focus of the team, more effective management of debts has been implemented. Table 9 shows significant improvement in debt collection over the last four years, with last year achieving a 97% collection rate from a total of 326 discrete debtors.

	Total invoiced amount	%	Total paid	%	Total outstanding	%
2011/12	£1,589,940	100	£1,390,902	88	£198,492	12
2012/13	£1,521,439	100	£1,326,276	88	£195,163	12
2013/14	£2,558,099	100	£2,388,599	93	£169,500	7
2014/15	£3,238,838	100	£3,137,626	97	£101,212	3

Table 9: Debtor Management

44 The table in Appendix 7 provides a more detailed breakdown of occupancy levels as at September 2015.

Communications

45 This year, as part of the ambition to raise the profile of Durham as place where business is done, Business Durham has taken a more proactive and rigorous approach to communications activity, as can be shown by the focused approach to Stainton Grove mentioned above. We have also launched a new website and become more active on social media, our reach more than doubling from 885,000 in September 2014 to 2,000,000 in September 2015. We have taken on a PR agency and are achieving good results: for every £1 we spend, we generate £30 in coverage, as indicated in the Advertising Value Equivalent figures below in Table 10.

	Business Durham - proactive		Business Durham – mention		NETPark - proactive		NETPark - mention		Totals		Spend	ROI
	Clippings	AVE	Clippings	AVE	Clippings	AVE	Clippings	AVE	Clippings	AVE		
Q1	11	£18k	34	£33k	47	£47k	12	£29k	104	£127k	£7k	£1/£17.93
Q2	56	£61k	73	£109k	21	£21k	71	£86k	221	£277k	£6k	£1/43.73
Totals to end Q2	67	£79k	107	£142k	68	£68k	83	£115k	325	£404k	£13k	£1/£30.12

Table 10: AVE Results 2015/16 to Date

As part of this communications activity Business Durham is generating a portfolio of case studies demonstrating how it has helped companies in Durham grow and develop their business. These will be released over the year as part of the ongoing communications activity.

Recommendation

- 46 That the Economy and Enterprise Overview and Scrutiny Committee note the contents of the above report.
- 47 That the Economy and Enterprise Overview and Scrutiny Committee include in the refresh of its work programme for 2016/17 a further update on the work of Business Durham.

Contact: Dr Simon Goon, Managing Director, Business Durham
Tel: 03000 265 510 **E-mail:** simon.goon@durham.gov.uk

Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity – None

Accommodation - None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None

Appendix 2: Images of Future Business Magnates 2014/15 Awards Dinner.



Winners of FBM 2015 – Durham Johnston School

Examples of Products:



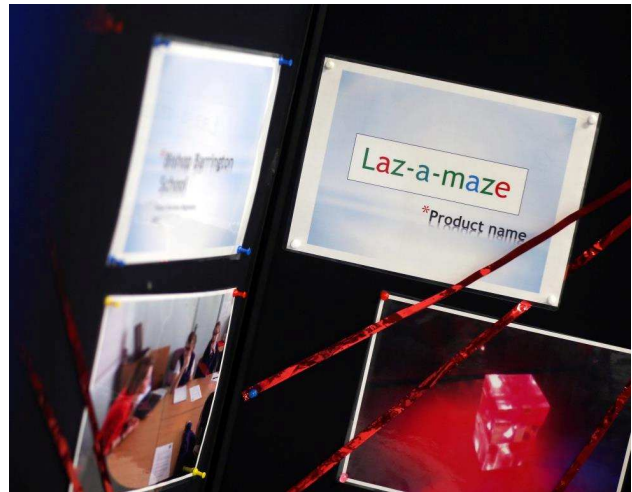
*Hydreco Glow Flow Eco Tap
Durham Johnston School*



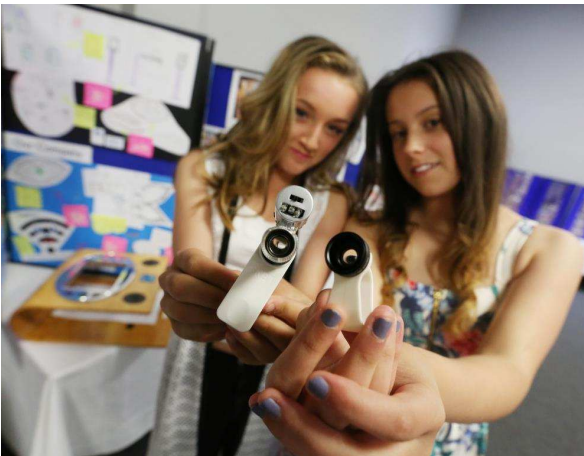
*Lumologix Water Temperature Sensor
St Bede's Catholic School & Sixth Form College*



*Sunny Screen Reduced Glare Car Windscreen
St Leonard's Catholic School*



*Laz-a-maze puzzle game
Bishop Barrington School*



*Technolog-eye classroom aid for visually impaired
Consett Academy*



*Light4Life Indoor celebration pop up light streamer
Barnard Castle School*



*Sparkz UV radiation level App
Whitworth Park School & Sixth Form Centre*

Appendix 3: Examples of companies supported with projects

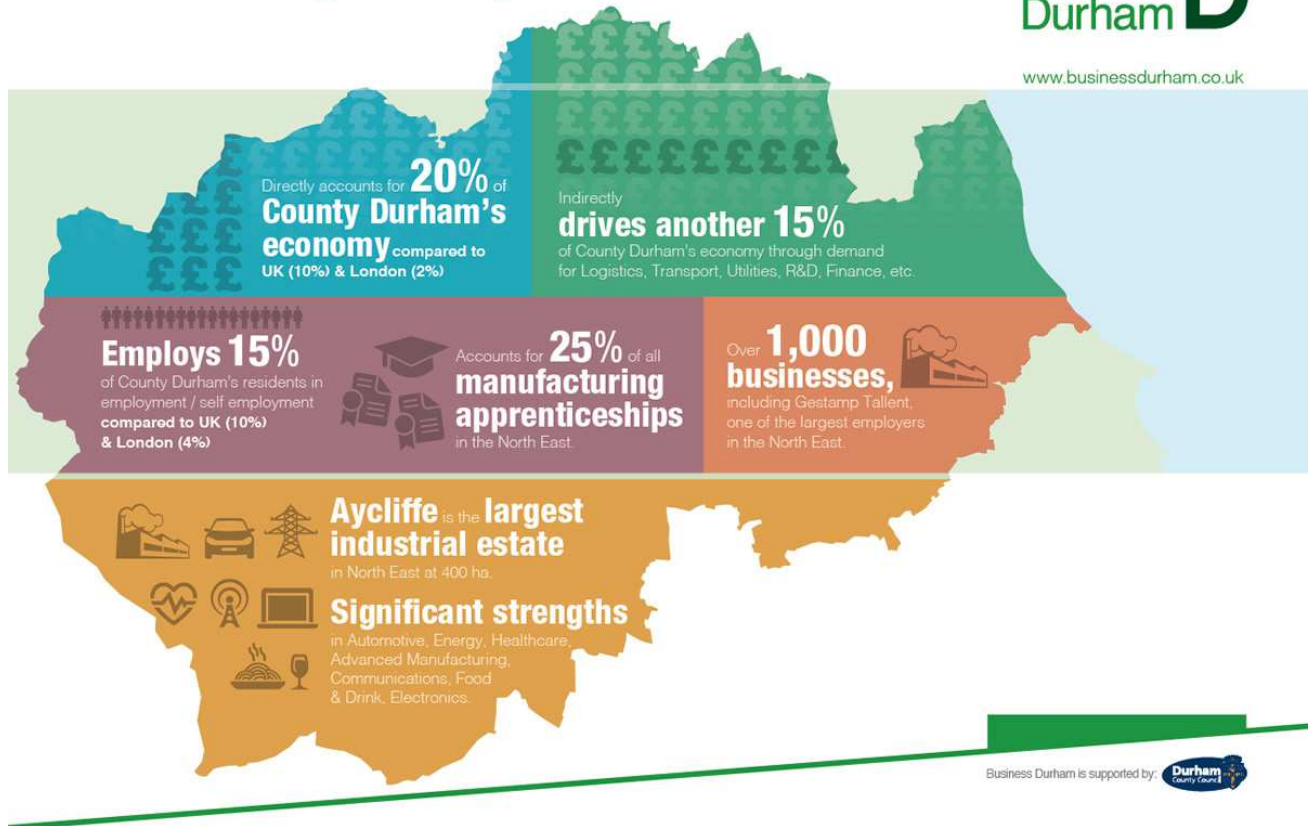
- Atom Bank: secured planning for their HQ at Aykley Heads and is up to 100 staff.
- Compound Photonics: on programme with its product launches and will be able to create 30 jobs.
- Coveris: planning permission received with project on track to create 100 new jobs in 2015. Stiller was awarded the Coveris warehouse contract with 12 safeguarded and 21 new jobs.
- DPE Automotive: a £1.5M investment in new presses with six new jobs linked to Gestamp/JLR growth.
- Exhibit Art: completed its new product development.
- Faerchplast: building a new warehouse, recruiting 37 jobs including possible redeployment from Nampak and KP.
- Gestamp Tallent: a new Jaguar Land Rover contract and 150 new jobs.
- Hitachi Rail Europe: advertised for 200 jobs in 2015.
- Ineos: 35 new jobs have been created through a £5M investment at Newton Aycliffe. In addition two technical apprentices are being recruited through introductions via Business Durham to the Science Industry Partnership.
- KP Snacks at Tanfield Lea: increased production and headcount now that the Consett site has closed.
- Masfab: linked up to the Science and Technologies Facilities Council to enable the company to explore potential new market opportunities, such as supply chain opportunities in the European Extremely Large Telescope project.
- Roballo Engineering: supported to identify an occupational health provider.
- Seaton Buildings: successfully relocated to Cold Hesledon, Seaham.
- Stanley Black and Decker: confirmed its presence in Spennymoor with 125 jobs safeguarded.
- Star Products: supported to expand production in higher margin products which will entail moving into larger premises and potentially 10 additional jobs.
- Sweethart Coffee and Cake: finalists in the best bakery category at the Northern Independent Retail Awards.
- Thorn Lighting: expanding rapidly thanks to the Let's Grow Fund with 119 jobs created.

Appendix 4a: Manufacturing in County Durham

Manufacturing in County Durham



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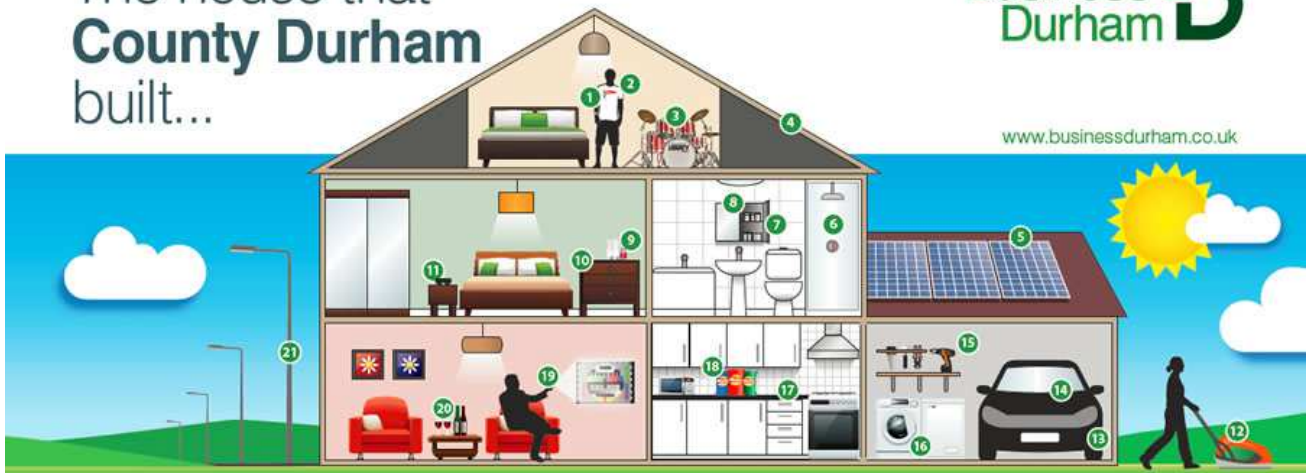


Appendix 4b: The house that County Durham built

The house that County Durham built...

Business **B**
Durham **D**

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Some of Durham's manufacturing stars...

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> 1 Orsto: Wrist watches incorporating smart communication technology 2 I Sunk Your Battleship: High fashion streetwear for men 3 Liberty Drums: Hand crafted drums built using traditional and modern techniques 4 Esh Construction: Property, with fencing, landscaping and energy saving services 6 Romag: Specialist glass and solar products 6 Roman: Showers and wet rooms 7 GlaxoSmithKline: World leading medical treatments 8 Tricogen Laboratories: Hair and beauty care products 9 Bristol Laboratories: Generic pharmaceutical products 10 BHK: UK market leader for bedroom and kitchen drawers 11 PolyPhotonix: Sleep masks treating diabetic blindness 12 Husqvarna: Flymo and robotic lawn mowers | <ul style="list-style-type: none"> 13 Gestamp Tallent: Chassis for most of Europe's car manufacturers 14 TRW Automotive: Car electronics, including parking sensors 15 Stanley Black & Decker: Power and garden tools 16 Ebac: Washing machines, chest freezers, dehumidifiers, and water coolers 17 Wilsonart: Kitchen worktops 18 Walkers: The nation's favourite crisps 19 Compound Photonics: High definition projectors for smartphones 20 Lanchester Wines: Bottling, wholesale and gift hampers of wines and whiskies 21 Thorn Lighting: Architectural, emergency, street and sports floodlighting |
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Appendix 5: Lost inward investment projects

Sector	Description	Reason for loss
Chemicals	A chemicals company with a plant in the NE and H.O. in the SE. The enquiry was initially for a small plant to support sales to regional customers. A viewing of Wavin took place that was very positive. The company declined to follow up on its power requirements; the reasons for this are unclear.	This is unknown. It is possible that the company was fishing in the first instance. An analysis of the finances of the company raised questions and it may be that it has decided to concentrate on making its existing operations efficient and profitable before investing and expanding.
Manufacturing for the Construction sector	Structural Steel fabricator with an option to close a plant in another part of the Country and expand in the NE closer to its HQ.	The company had a short window in which to divert project investment from the site under threat. The premises identified in Peterlee had some complicated issues to resolve and these, combined with the fact that it was fundamentally too large meant that the company decided to stay put.
Food manufacture	Foreign grain based food producer. Had NE options in Northumberland and Merchant Park. The Regional Partnership engaged in the absence of a Gateway Manager. The company made a successful application to RGF on the back of NE support.	The company managed to acquire a speculatively built food grade manufacturing facility in the North Midlands.
Manufacturing	Peterlee based manufacturer co located and needing independence and additional space following acquisition. The project location, though determined is not yet in the public domain.	The project has gone to the South of Sunderland – the nearest premises found compatible with retaining the skilled staff. There were no suitable units in the 50,000 sq. ft mark to allow us to keep the company who were keen to remain in Peterlee.

Appendix 6: NETPark university collaborations



Appendix 7: Detailed breakdown of Business Durham's property portfolio occupancy

Property Name	No of Units	Gross Floor Space (m2)	Occupancy as at Sep 2014	Occupancy as at Sep 2015
Sacriston Industrial Estate	19	2,058	73%	100%
Stella Gill Industrial Estate	35	4,395	87%	83%
Tanfield Lea South Industrial Estate	4	1,018	100%	100%
All Saints Industrial Estate	5	1,347	100%	100%
Chilton Industrial Estate	18	5,615	82%	91%
Dabble Duck Industrial Estate	9	2,177	72%	91%
Coulson Street Industrial Estate	5	565	100%	100%
Dean and Chapter Industrial Estate	11	1,533	70%	100%
Fishburn Industrial Estate	6	2,262	23%	56%
Tudhoe Industrial Estate	12	944	100%	100%
Furnace Industrial Estate	20	2,671	88%	85%
South Church Industrial Estate	5	697	100%	100%
Stainton Grove Industrial Estate	25	2,927	53%	63%
Randolph Industrial Estate	6	929	100%	100%
Harvey Court, Low Willington Ind. Estate	5	848	100%	100%
Brockwell Court, Low Willington Industrial Estate	1	290	0%	0%
Industrial Total	186	30,275	77%	86%
Consett Business Park (inc Derwentside Business Centre and ViewPoint)	61	6,839	75%	82%
Tanfield Lea Business Centre	41	2,591	45%	49%
Shildon Business Centre	8	132	89%	100%
St Stephens Court, Low Willington	14	1,252	66%	51%
Crook Business Centre	14	560	94%	66%
Durham Dales Centre (excl Tea Room and Gift shop)	19	558	89%	58%
Office Total	198	11,962	70%	70%

NETPark Incubator	79	1,984	87%	89%
Kromek	1	1,759	100%	100%
NETPark Discovery 1	8	1,440	75%	100%
NETPark Discovery 2	8	1,442	50%	100%
NETPark Research Institute Building (Durham University)	1	1,759	100%	100%
Science Park Total	97	8701	85%	97%
Grand Total	481	50,938	77%	84%

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