



## **Economy and Enterprise Overview and Scrutiny Committee**

**Date** Monday 26 February 2018  
**Time** 9.30 am  
**Venue** Committee Room 2, County Hall, Durham

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### **Business**

#### **Part A**

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

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 11 January 2018 (Pages 3 - 16)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. Housing and Homelessness Strategies - Progress: (Pages 17 - 24)
  - (i) Joint Report of the Director of Transformation and Partnerships and the Corporate Director of Regeneration and Local Services.
  - (ii) Presentation by the Housing Manager and the Spatial Policy Team Leader, Regeneration and Local Services.
8. Private Sector Housing - Progress: (Pages 25 - 30)
  - (i) Joint Report of the Director of Transformation and Partnerships and the Corporate Director of Regeneration and Local Services.
  - (ii) Presentation by the Housing Manager, Regeneration and Local Services.
9. County Durham Investment Pipeline - Overview: (Pages 31 - 36)  
Report of the Corporate Director of Regeneration and Local Services - Project Development Team Leader, Regeneration and Local Services.

10. Industrial Strategy - Progress: (Pages 37 - 42)  
Report of the Corporate Director of Regeneration and Local Services –  
Principal Regeneration Policy Analyst, Regeneration and Local Services.
11. Such other business as, in the opinion of the Chair of the meeting, is of  
sufficient urgency to warrant consideration

**Helen Lynch**  
Head of Legal and Democratic Services

County Hall  
Durham  
16 February 2018

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

Councillor A Batey (Chairman)  
Councillor M Clarke (Vice-Chairman)

Councillors E Adam, J Atkinson, J Clare, R Crute, M Davinson, D Hall,  
T Henderson, P Howell, P Jopling, L Maddison, J Maitland, R Manchester,  
R Ormerod, A Patterson, A Reed, E Scott, P Sexton, L Taylor and M Wilson

**Co-opted Members:**

Mr T Batson

**DURHAM COUNTY COUNCIL**

**ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Thursday 11 January 2018** at **9.30 am**

**Present:**

**Councillor A Batey (Chairman)**

**Members of the Committee:**

Councillors E Adam, J Atkinson, J Clare, R Crute, D Hall, T Henderson, P Howell, P Jopling, L Maddison, R Manchester, P Sexton, L Taylor, M Wilkes (substitute for R Ormerod) and M Wilson

**Co-opted Members:**

Mr T Batson

**1 Apologies for Absence**

Apologies for absence were received from Councillors M Clarke, M Davinson, J Maitland, R Ormerod, A Patterson and E Scott.

**2 Substitute Members**

Councillor M Wilkes substituted for Councillor R Ormerod.

**3 Minutes**

The minutes of the Special Meeting held 24 October 2017 were agreed as a correct record, subject to the inclusion of apologies for absence from Councillor M Davinson. The minutes of the meeting held 2 November 2017 were agreed as a correct record.

**4 Declarations of Interest**

Councillors P Howell and M Wilkes declared an interest in Item 7, Durham Key Options, as private landlords.

**5 Items from Co-opted Members or Interested Parties**

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

## **6 Media Relations**

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The articles included: the support offered to a local micropub in Durham City, with targeted business improvement monies being used to add a traditional sign that was in keeping with the historic building; Bishop Auckland town centre being chosen as a heritage action zone and attracting funding; a company investing at Seaham, Vivarail, creating 30 jobs at the Spectrum Business Park with assistance from Business Durham; and the revised Consett Masterplan, with a focus on tourism.

Councillor J Clare noted that the Heritage Action Zone designation for Bishop Auckland was wonderful news and could help open up opportunities for funding. He added not to forget the nearby Shildon and Darlington Railway and noted the bicentennial of the Darlington to Stockton railway in 2025. Councillor J Clare noted that this would require the three Local Authorities to work together and included elements such as investment in the track-bed and to keeping “a track” as regards planning and heritage issues.

### **Resolved:**

That the presentation be noted.

## **7 Durham Key Options - Progress**

The Chairman introduced the Housing Manager, Housing Solutions, Marie Smith who was in attendance to give an update on Durham Key Options (for copy see file of minutes).

The Housing Manager explained she was presenting the report on behalf of the Housing Team Leader, John Kelly and that it would look at the Durham Key Options (DKO) Lettings Policy Review 2017.

Members noted the background to the item, with DKO being the choice based lettings (CBL) scheme for County Durham, with one policy operated by partners. It was added that it had been reviewed and changes implemented in April 2017, and feedback now followed from a 6 month review.

The Housing Manager noted that there were around 11,000 people registered on the scheme and the previous “Manchester Model”, with quotas for each of the band, had been removed making the scheme more user friendly, with a reduced number of complaints. It was noted that there had been no negative comments in terms of the removal of the quotas.

It was explained that there were now 4 bands, with 1 representing the highest need, with allocations made in date order. It was added that while there were 11,000 registered, not all were active, the latest figures per band being: 1 – 382; 2 – 3,516; 3 – 1,044; and 4 – 4,245.

The Housing Manager explained that the second change looked at within the review was the new medical framework, which had involved Occupational Therapists. It was noted that this had moved from 3 categories to 2, "High Need" and "Need". It was noted that there had been a positive impact with a 26% increase in house moves by those assessed with a medical need.

Members noted the time-limit for Band 1 applicants and the removal of the threatened with homelessness priority and the removal of the wanting larger accommodation, with overcrowded applicants continuing to be assessed under their needs and given Band 1 or 2 depending upon the severity. Councillors learned that there were no new transfers (where there was no housing need) for those that had previously moved in the last 12 months. It was added that all rent arrears were being assessed, not just those over 8 weeks, resulting in an increase of 56% in terms of applicants being disqualified due to arrears. It was noted that the refusal letter now included information as regards further support from partners in terms of managing debt and arrears.

The Housing Manager noted that in respect of affordability, in the past this had not been part of the checks carried out in the public sector, now a software tool was used in order to determine whether people could afford to move to a larger property. It was noted that there were some exceptions, such as: fostering/adoption families; applicants with a medical need where a bedroom cannot be shared; pregnant applicants; and applicants requiring a carer to stay overnight.

Members noted that the DKO Board had set up three subgroups to look at the affordability procedures, DKO website and the application form.

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

Councillor J Atkinson noted that when looking at the figures in terms of those disqualified, the number varied across the organisations, and asked why some were performing better. The Housing Manager noted she would check with the Housing Team Leader as in could be in connection with numbers of people being contacted again. Councillor J Atkinson also asked as regards a standard partnership approach in terms of telephone call handling, noting difficulty in contacting Livin.

Councillor L Maddison asked if there had been an increase in rent arrears. The Housing Manager noted that those via DKO had not seen a large increase, though other changes, such as welfare reform had impacted with a slight increase. Councillor L Maddison asked whether it was possible to know as regards those applicants from outside of the area, how many had required adjustments to the property in order to meet a medical need, and whether this had increased.

The Housing Manager noted she would check, though she noted around 3-4 months ago the number was very small, with the majority of those with medical needs coming from within our area. It was added that there was a summary annually giving a breakdown and this could be provided to Members.

Councillor L Maddison asked as regards the affordability check and whether this was in place for all partners, as stated, not excluding those applicants that need the most help. The Housing Manager noted that this was now in place, no one had been refused and that it was one tool used to help applicants.

Councillor P Jopling noted 500 exemptions in terms of rent arrears and asked if this could lead to more homelessness, adding she had spoken to Officers who had noted that rent from new housing was more expensive and therefore she worried as regards the provision of affordable homes. The Housing Manager noted that there was a broad policy statement in terms of arrears; however, each partner had their own procedure, interviews and assessments. It was explained that if not the fault of the tenant then a plan could be developed for that person. She added that again each partner had their own processes in terms of disqualified applicants, with Housing Solutions having a referral mechanism in place. The Housing Manager noted there were discussions with housing providers in terms of policy moving forward.

Councillor E Adam thanked the Housing Manager for her presentation and asked if the data would be better analysed independently to ascertain what changes were beneficial. The Housing Manager noted that Durham County Council (DCC) looked in-depth at the data, with the providers having the front facing aspect with the customers.

Councillor M Wilkes asked if all individuals in arrears were sat down with in terms of discussions relating to them being disqualified from DKO. The Housing Manager noted Housing Providers do this, and there was an expectation to do so. It is noted that if an individual wished they could be referred to Housing Solutions, and often clients were willing to be referred. Councillor M Wilkes asked of the 541 disqualified for rent arrears, what proportion were then referred to Housing Solutions. The Housing Manager noted she did not have that information to hand and would check as regards this. Councillor M Wilkes asked if all partners were audited and checked to ensure they were all operating the same. He added if it was possible to see what proportion against the number of properties as his worry was that most of those rejected came from private rent with higher arrears and he did not want to see people stuck in private rent. The Housing Manager noted that partners were audited in terms of application forms, bids, lets, however she would look for more information in terms of policing compliance. Councillor M Wilkes noted recent press articles referring to Durham as being near the top in terms of having the most empty homes, and he had noted from Officers that there were around 1,600 that were social housing, and while he understood in terms of the difficulty of renting some properties in certain areas, there needed to be a look to try and bring these properties back into use. The Housing Manager noted at the Council's Housing Manager, Shirley Janes had been looking at those figures and a number were not available to let for a number of reasons and therefore the latest figures were low.

Mr T Batson noted that some affordable rent properties that were new build would likely be more energy efficient and therefore have lower energy bills; however, this could be reflected in higher rents for such quality. The Housing Manager noted she was not sure; however it could be an area to be looked at.

Councillor J Clare noted he felt that DKO was wonderful and asked if all Local Authorities had a similar overarching lettings policy in their areas. The Housing Manager noted that CBL as an option was brought in across the country in 2007, with a number of Local Authorities setting up such as policy, however, some dropped out, leaving a mix nationally.

Councillor J Clare asked if some people are not allowed to reapply for a period of 12 months, how were void costs avoided, where people are not allowed to move to a larger property. The Housing Manager noted each provider would have a cost for a void in terms of inspection and repairs to make the property fit for rental. Councillor J Clare noted he did not understand void costs, and those described seemed to be change costs, not void. Councillor J Clare noted the changes had been well received by customers, however, the change were for the benefit of the providers, not the customers. He asked as regards Universal Credit and rent arrears, the number active on the register, and that as 3-4 bed properties were the more difficult to rent then was there not a self-perpetuating issue in terms of affordability and rental of these larger properties, again with a fear of forcing people into unsuitable private rental. The Housing Manager noted that the biggest impact was on the customers in terms of the removal of the quota system. She added that in terms of where Universal Credit had been introduced and there were delays, there were arrangements in place to ensure no one who was awaiting an overdue payment would be evicted if that was why they had fallen into arrears. In terms of demand for types of property, the Housing Manager noted there had been shifts in types, with a number of those looking to rent being single people and therefore innovative solutions, perhaps including shared tenancies for example, maybe required, with the County Durham Housing Group having piloted this.

Councillor P Howell asked why the target of 60 empty homes back into use was chosen given there were thousands and noted it would be interesting to see the geography and house type for those empty properties. The Housing Manager noted that the number brought back into use was 120, double the target, and assured Members that getting empty homes back into use was high on the agenda.

Councillor P Jopling noted that she had attended a local office with a resident in terms of rent being paid directly to a provider from benefit, and ask if this something providers should be pushing for. She also asked as regards the health bandings and wondered if two bands were sufficient. The Housing Manager explained that in terms of direct payment from Universal Credit, there had to be arrears first and then there would be a conversation with providers. In relation to the health bands, these were developed in conjunction with colleagues from Occupational Health.

Councillor J Atkinson noted that while the Council had transferred its housing stock, public perception was that they were still "Council housing" and accordingly Members would face queries. He added that there needed to be a more consistent way to communicate with the Providers in order to help assist Members and residents with their queries. The Housing Manager noted she could not speak for all providers, but could raise the issue as regards Member engagement at the next DKO Board meeting.

Councillor J Clare noted many registered providers had good communications with their Local Members, however added there was no consistency.

## **Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the progress report and presentation.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee includes in its work programme for 2018/19 a further report monitoring the progress of Durham Key Options
- (iii) That the concerns highlighted by the Committee regarding the need for a more consistent way for Councillors to communicate with the Providers in order to help assist Members and residents with their queries be passed to the County Durham Housing Forum and the Durham Key Options Board.

## **8 Chapter Homes - Progress**

The Chairman introduced the Development Manager, and Chief Executive Officer of Chapter Homes, Peter Coe and the Chief Development Officer, Richard Roddam who were in attendance to give a progress update on Chapter Homes (for copy see file of minutes).

The Chief Executive Officer reminded Members that he and the Chief Development Officer were both officers of the Council and Chapter Homes and the was a Service Level Agreement (SLA) as regards how their time was managed. Members were asked to recall that in December 2013 the Council's Cabinet asked Officers to explore the option of a Housing Development Company to compete in the open market, as residents had approached Councillors to note the poor quality of some properties for sale, also offering an opportunity for the Authority to capitalise on land sales. It was noted that in July 2015 Chapter Homes was established and 4 pilot sites were agreed, with the first being at Newton Aycliffe, now known as Eden Field.

The Chief Development Officer explained that work began on the Eden Field site in December 2016, and a tender process led to Gentoo, now Tolent, being appointed for the design and build and they had been very good in terms of delivery. He added that initially there was to be 125 homes, however this increased to 143 due to demand and trust in the Chapter Homes Brand. He added that an additional area of land had been purchased from Great Aycliffe Town Council to enable those extra homes to be built. Members were informed that the 12 affordable units for the development had already been delivered and sold to Livin for rental at affordable rent. The Chief Development Officer noted that house builders looked at 3 sales per month as standard, with Chapter Homes already hitting this target. It was noted that Chapter Homes have the option to rent properties and that people had contacted Chapter Homes looking to rent properties.

Members were referred to a photograph showing the site prior to construction and site plans showing what the completed development would look like. Councillors noted pictures showing the exteriors and interiors of the homes, with high specification, and noted the mix of house type. The Chief Development Officer noted that the site had been earmarked for development, however, there were a series of consultation events with the community and Great Aycliffe Town Council, and subsequently there had been little objection at the planning stage.

It was noted while there were no bungalows on the Eden Field development, a Chapter Homes bungalow product was being worked on. The Committee noted a picture showing the entrance to the estate, with a Sustainable Urban Drainage System (SuDS) to the front of the site, making the site appear more open with feedback being that this added to the appeal of the development.

The Chief Development Officer noted that the properties sold to Livin and let at sustainable rent were mixed in with the other house types and from the exterior you could not tell which were rental and which were private properties. It was noted that in terms of the show home, Chapter Homes had worked with Next to design and fit out, helping to give an excellent quality first impression.

In terms of moving forward, the Chief Development Officer Chapter Homes would look at land with potential for development, either purchasing Council sites, or privately owned land should an appropriate opportunity arise. It was added that completion of Eden Field was scheduled for August 2019, with work commencing on the next development at Oakerside, Peterlee. Members noted a bid for the open market sale of the former Chester-le-Street District Council Offices site and that there would be a finalised business plan looking at the strategic direction and to have a pipeline of developments in place to aim to deliver around 100 units each year.

The Chairman thanked the Chief Executive Officer and Chief Development Officer for their presentation and asked Members for their comments and questions.

Councillor P Howell asked if there were any reasons why the brand had attracted such a good reputation and noted the affordable rent properties being delivered first to allow them to be sold to Livin quickly. He also asked as regards exceeding targets, and whether the aim was throughput to the market or to bring money into the Authority. He also noted sales, private rent and affordable rent via Livin, and asked if there were two levels of rent.

The Chief Development Officer noted that there was a conscious choice to have the brand standalone from the Council; however, a lot of work was undertaken in terms of the show home and the advertising of the development in the appropriate "glossy" magazines. It was noted that the properties were of an excellent quality, and while not at the highest end of scale, they were not budget properties. It was noted that while the branding was deliberate, when speaking to customers, there was some reassurance in terms of the Council being the shareholder. In terms of the design and property sales, the Chief Development Officer explained that it had been noted that the 2 bedroom properties were a more difficult sell and when the properties were sold to Livin, there had been a lot of interest in these at affordable rent. It was added that many people did not realise Chapter Homes produced smaller properties in addition to the larger ones, though now all but 20 properties have been reserved. In relation to targets and how many were sold and the aims, the Chief Development Officer noted the initial was for 3 per month and the aim was to bring money into the Authority. The Chief Executive Officer noted that there was the initial outlay in terms of finance and sales were at breakeven in terms of the balance sheet, with the Chief Development Officer adding that profit had been made from the last few sales. The Chief Development Officer noted that in terms of rent, they were different, with Livin being affordable rent. It was added that there was demand for the Chapter Homes product, with many choosing to rent while looking to save to be able to buy in the future, facilitating further sales.

Mr T Batson was aware of the Chapter Homes brand and noted the large size of Tolent and asked if there was not an opportunity for greater profits, in terms of the economies of scale with a large company. He also asked if there were opportunities for smaller companies and suppliers within the development, and also in terms of training for local people such as apprenticeships.

The Chief Development Officer noted that initially the company was Gentoo, and then Tolent; however, Chapter Homes made use of a consultant to work through the costings to ensure there were correct and adjusted for the North East. He added that in terms of suppliers, it was important to ensure many were from the area, with the majority actually being local. It was noted that when people moved into their new home, there was a hamper of local produce to help advertise what we have got on offer in the County. Members noted that 3 firms in relation to the steel work were local to County Durham.

Councillor P Sexton noted the former District Council offices site at Chester-le-Street and the plans for around 52 houses, and asked as regards how confident Officers were in being able to deliver. The Chief Development Officer noted a lot of work had gone into the bid, with an excellent scheme and the location offering good potential prices for properties. He reiterated that a lot of work had gone into the figures and felt that it would stand up against any housing developer; however, a large supermarket bid for example could prove difficult to compete against, with there being no restriction on the use for the land. Councillor P Sexton noted from his experience, people in the area would welcome houses on the site. The Chief Executive Officer reiterated that the site was on the open market for competitive bids.

Councillor P Sexton noted the successes so far in terms of sales and asked as regards further developments and plans, would there be further investment to grow the scale or to just feed back into the Council coffers. The Chief Development Officer noted this was a matter that the Chapter Homes board would be discussing.

Councillor M Wilkes noted he fully supported the work of Chapter Homes and asked for further information in terms of the rental properties that Chapter Homes operated. The Chief Development Officer explained that Chapter Homes owned the properties and they were managed by the Council's Lettings Team under a SLA. Councillor M Wilkes noted it was difficult to bring empty private properties back into use, though the Authority did have some powers to do so. He noted he hoped more could be done under these powers and not just to develop more and more new properties, leaving some areas without any regeneration. The Chief Development Officer noted that this would not be an area for Chapter Homes, although the Council's Housing Manager, Shirley Janes and her team would be the people to look at opportunities in this area.

The Chief Executive Officer noted that prior to the Council setting up Chapter Homes, there had only been Lewisham Council that had undertaken a similar move, though he was not sure whether their company was still operating. He noted other neighbouring Authorities had asked as regards the model, though some did not have the requisite land supply.

Councillor E Adam noted he had not been aware of the private rented properties under Chapter Homes and asked if the financial data would be something the Committee would be made aware of. Councillor P Jopling asked if the pricing was competitive.

The Chief Development Officer noted that consultants had helped in terms of the pricing, though these were evaluated monthly in terms of increases. Councillor P Jopling asked whether any of the properties were leasehold. The Chief Development Officer noted that there were no leasehold properties and indeed it was never entertained as something that Chapter Homes would look to do.

Councillor P Jopling asked as regards the house types and tenure. The Chief Development Officer noted that 10% of the Eden Field site was to be affordable rent, and all those properties had been delivered. He added that future schemes, such as Oakerside, had the relevant amount as per planning policy. Councillor P Jopling asked if the Authority had received a dividend, the Chief Development Officer noted not yet.

Councillor J Clare noted Chapter Homes was excellent and addressed issues, such as broadband provision, very quickly. Councillor J Clare asked if there was any tension in terms of Chapter Homes a developer and social valid concerns. He added that he would wish Chapter Homes to grow and in time to be able to take on the less attractive sites and be able to deliver where other private sector companies would not be able to.

Councillor J Atkinson asked as regards the Eden Field development with those rented by Chapter Homes, those by Livin and privately owned homes and whether the tenancy agreements were policed to ensure the standards for a Chapter Homes development were being maintained. The Chief Development Officer noted that Chapter Homes had worked with Livin in terms of the ensuring tenancies were in line with the sales agreements, such as restricting of the parking of works vans. He added Livin were very acutely aware of the expectations and the tenants so far had been fantastic.

#### **Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the progress report and presentation.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee includes in its work programme for 2018/19 a further report monitoring the progress of Chapter Homes

## **9 County Durham Plan - Progress**

The Chairman introduced the Spatial Planning Team Leader, Michelle Robinson who was in attendance to give a progress update on the County Durham Plan (for copy see file of minutes).

The Spatial Planning Team Leader asked Members to recall the last update at Committee in October 2017, with Cabinet in November 2017 receiving a new timetable and a response from the Council to the Government consultation on "Planning for the Right Homes in the Right Places". Members were reminded of the history of the County Durham Plan (CDP) and that the current position in terms of having paused and more recently having a figure in terms of housing need of 1,368 units per annum. The Spatial Planning Team Leader noted that the original projections made in June 2016, using Office of National Statistics (ONS) data from 2012, had been for between 1,500 and 1,700 per annum, however, using 2014 ONS data the range was more in line with the 1,368 figure.

It was noted that Government suggested that Local Authorities could go higher than their figure if an Authority's Plan was based on job-led aspirations, however, Government had yet to explain to Local Authorities how they would go about doing so.

The Spatial Planning Team Leader noted that the Council's full response to the Government consultation was attached at Appendix 2 and it was reiterated that Cabinet in November 2017 had agreed the new timetable in terms of the CDP, with the preferred option stage in June 2018. It was explained that Government had suggested there would be further consultation and a National Planning Policy Framework (NPPF) update. She added that Cabinet would agree each stage and there would be more consultation on the CDP prior to submission, with Member Briefings, drop-in sessions and reports back to the Economy and Enterprise Overview and Scrutiny Committee.

The Chairman thanked the Spatial Planning Team Leader and asked Members for their comments and questions.

Councillor M Wilkes noted he felt that the problem with the first iteration of the CDP was building too many houses. He added that the Government saying that Local Authorities could go beyond the figure given, if the plan was job-led, and that this could mean that the CDP was back to square one. He noted that Councillors should not allow the process to be completely Officer-led and ensure that backbench Councillors could feed into the process. The Chairman noted that the Committee was cross-party and there was a lot of opportunities to input, with workshops sessions and she felt that Members had been kept informed. Mr T Batson agreed with the Chairman and added that the CDP had been "approved", in terms of support from local people whilst being consulted upon. He added that he had always noted there needed to be an element of flexibility in terms of planning in order to maximise opportunities, and not to be too "set in stone". Councillor M Wilkes noted the previous estimates for the number of homes for the Durham area and reiterated that there was a need for Councillors to be able to have their say.

**Resolved:**

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the progress and receive regular updates in terms of Government guidance advice and potential changes.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee note the Council's response to the consultation on "Planning for the Right Homes in the Right Places".

## **10 Quarter 2, 2017/18 Revenue and Capital Outturn**

The Chairman introduced the Principal Accountant, Paul Raine to speak to Members in relation to the Quarter 2 Revenue and Capital Outturn 2017/18 (for copy see file of minutes).

The Principal Accountant reminded Members of the areas reported upon, the General Fund Revenue Account, and the Capital Programme for Regeneration and Local Services. Members noted the service was reporting a cash limit underspend of approximately £0.263 million at Quarter 2 2017/18, against a revised General Fund Revenue Budget of £27.756 million. Members noted the major variances were set out within the report and that the service grouping was on track to maintain spending within the cash limit and more details were contained within Appendix 2 to the report.

As regards the Capital Programme, the Principal Accountant explained that the budget now stood at approximately £43.472 million, with a breakdown of the major capital projects given at Appendix 3 to the report. Members noted the spend to date of £13.55 million and were reminded that many capital programmes profiles were such that they completed in the final quarter and it was anticipated that the projected outturn at 31 March 2018 would be in line with the revised budget.

The Chairman thanked the Principal Accountant and asked Members for their comments and questions.

Councillor P Howell noted within the table at section 7 of the report, Subjective Analysis that some elements had been almost spent up to budget in the half-year, yet other elements, such as supplies and services had not spent as much. The Principal Accountant noted that it would depend upon schemes and how they were profiled over the year. Councillor P Howell noted the same for Capital, and asked if there would not more benefit in being able to get work undertaken early in terms of efficiency and delivery, and would comparison to a half-year budget not be more beneficial in terms of understanding the position. The Principal Accountant noted he would look into the reporting including the half-year budget.

Councillor J Clare noted the underspends in terms of Visit County Durham (VCD) and Housing Solutions, adding that these were vital services and he hoped that any vacant posts would be filled as soon as possible. He also noted the delay in terms of an award linked to skills development. The Principal Accountant noted that VCD had made MTFP savings early and that in terms of the award regarding employability and skills, the Authority were awaiting Government to deliver this.

Councillor M Wilkes noted that within paragraph 4 of the report there were a lot of adjustments and good use of reserves, however, he asked whether these were an intention to spend more or to prevent delays. The Principal Accountant noted that, for example, the transport cash-limit was in terms of one-off projects regarding traffic management, not managing overspends.

### **Resolved:**

That the report be noted.

## 11 Quarter 2, 2017/18 Performance Management Report

The Chairman thanked the Performance and Improvement Team Leader, G Wilkinson who was in attendance to speak to Members in relation to the Quarter 2, 2017/18 Performance Management Report (for copy see file of minutes).

The Performance and Improvement Team Leader reminded Members of the different types of indicators reported, Tracker indicators and Target indicators and the performance reporting arrangements for 2017/18 would be via a number of key performance questions (KPQs), aligned to the "Altogether" framework of six priority themes.

Councillors noted that the key achievements in Quarter 2 included the employment rate having increased since the last quarter, with this having been the trend over the last few quarters. It was added that the rate was above the regional average, though below the national average. It was added that the number of young people ages 18-24 claiming Job Seekers Allowance or Universal Credit was below the regional level, however, was above the national average, though it was a lot lower than it had been in the recent past. The Performance and Improvement Team Leader noted in terms of apprenticeships, the Chairman had asked previously as regards how sustainable those in our area were in comparison to other areas. She added that after speaking to the Officers involved it had been noted that the scheme and model operated in Durham was not always replicated in other Local Authorities and therefore the comparison that was made was by those via the National Apprenticeship Service (NAS).

The Performance and Improvement Team Leader noted the performance in terms of empty properties being brought back into use, as previously discussed by Members. It was added that in terms of Tourism and VCD, in comparing 2016 data to 2015, there had been an increase in the number of visitors, 3%, though the vast majority, 93% were still day visitors and not overnight stays. It was added that the tourism spend was up around 3.6%, with a breakdown provided in the report. Members noted feedback in terms of: what was working well - attractions, eating out, road signposts and cleanliness; what was making progress – things to do, visitor information points, local produce, accommodation and parking; and where there could be improvement – distinctive shopping experience, nightlife, public transport and cleanliness of public toilets. It was added that additional information with further breakdown could be found on the VCD website.

The Chairman thanked the Performance and Improvement Team Leader, noted that VCD were scheduled to come back to Committee on 5 April 2018 and asked Members for their comments and questions on the performance report.

Councillor L Maddison noted that tourism was important to the vibrancy of our town centres and it was important to be able to encourage people to stay in the County when they visit and asked how we could achieve this. The Chairman reiterated VCD would attend in April; Councillor L Maddison noted this and asked if VCD could be given a signal as regards answering this question.

Councillor P Howell asked for reference what the figure regarding those staying overnight was the previously report year, in order to compare to the 2016 figure. He added that it was important for Members to be able to see trends and therefore be able to spot areas that were progressing and those that were not.

Councillor P Howell also asked as regards apprenticeships and noted 1 in 4 were not completing 15 months, he did not feel that this was a good rate, though asked for clarification as regards what a good rate would be. The Chairman noted that the Committee, through a Working Group, had looked at this and the progression beyond year 2 of an apprenticeship and the reasons why. The Performance and Improvement Team Leader added that the figure also included those that had not reached 15 months yet.

Councillor J Clare noted previous questions and comments relating to empty properties and asked for more information. He added that he was astonished as regards the "Vale of Durham" having been the most visited area. The Performance and Improvement Team Leader noted VCD could provide more details; however, this area did include attractions such as Locomotion and Beamish, very popular attractions.

Councillor R Manchester noted the significant increase in the homelessness preventions and while it remained low asked whether, if there was further increases in demand, there was capacity. The Performance and Improvement Team Leader noted the increase could be due to a number of factors, increased awareness through the service promoting itself, and possibly linked to welfare reform, however it was noted the service was preparing for changes in legislation in terms of homelessness prevention and there was capacity. The Chairman added that there would be a more proactive approach in terms of preventions and early interventions.

Councillor M Wilkes noted on pages 86 and 87 of the report the figures in relation to the maintenance of the roads, with the Council's performance in terms of main roads being very good, ahead of most of the country. He added that side streets were not the same and suggested an amount was allocated in terms of side as these were areas which Councillors received a lot of calls about. Councillor E Adam noted this was an issue being looked at by the Environment and Sustainable Communities Overview and Scrutiny at its next meeting.

Councillor J Atkinson reiterated a point he had made at previous meetings in terms of apprenticeship sustainability. He had asked if the interview process in terms of matching young people to apprenticeships was robust and asked whether using 15 months as a measure of success was correct. He asked in terms of those 18-24 and out of work, was there a further breakdown in terms of issues such as capability. The Performance and Improvement Team Leader noted that in terms of the measure regarding 18-24 year olds out of work, this was a national measure and there were sub-sections that may be useful for Members.

**Resolved:**

That the report be noted.

**12 Minutes from the County Durham Economic Partnership**

The Minutes of the meetings of the County Durham Economic Partnership held 17 October 2017 were received by the Committee for information.

### **13 Scrutiny Committees and Site Visits**

The Overview and Scrutiny Officer reminded Members of upcoming dates in terms of Committees and site visits, including 12 February 2018, when Members were invited to a Special Meeting of the Environment and Sustainable Communities Overview and Scrutiny Committee looking at the Heritage Coast. It was noted as regards a site visit to the Heritage coast on 29 March 2018. Members noted a site visit to the Chapter Homes Eden Field site on 27 February 2018 and that the next meeting of the Retail Support Working Group would be held on 25 January 2018.

**Economy and Enterprise  
Overview and Scrutiny Committee**

**26 February 2018**



**Housing Strategy and Homelessness  
Strategy**

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**Joint Report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services**

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with detail of progress made in relation to both the Housing Strategy and the Homelessness Strategy prior to a presentation delivered by Graeme Smith, Policy Team Leader and Marie Smith, Housing Manager, Regeneration and Local Services.

**Background**

- 2 The Economy and Enterprise Overview and Scrutiny Committee have received previous progress reports and presentations on both the Housing Strategy and the Homelessness Strategy. At the March meeting of the committee when considering the future work programme it was requested by members that progress reports be provided on both strategies. The presentation on the 26 February 2018 will cover the following:
  - The Housing Strategy
    - The Housing Strategy Framework for County Durham;
    - The partnership delivery structure; and
    - An overview of emerging evidence underpinning the housing strategy.
  - Homelessness and the Homelessness Strategy
    - Contacts to Housing Solutions;
    - Homelessness: headline statistics; and
    - Review of homelessness and development of a strategy.

**The County Durham Housing Strategy**

- 3 The Housing Strategy is being developed around a high level Framework (see appendix 2). This Framework has been subject to discussion at a previous meeting of the Economy and Enterprise Overview and Scrutiny Committee and has been endorsed by the Housing Forum and the County Durham Economic Partnership. The Framework is a headline expression of the housing priorities of the Council and its partners.

- 4 In order to support the development and delivery of the Housing Strategy, two partnership groups have been established which map on to the Housing Strategy Framework. Both groups are made up of relevant Durham County Council officers, representatives of the Registered Housing Providers and other relevant partners (including Homes England). The Housing Development Group supports consideration of Issues set out under the *Altogether Better Delivery and Standards* Aim, and the Housing Support Group has developed a plan of activities linked to the *Altogether Better Housing Support* Aim of the Housing Strategy. Both groups report to the Housing Forum.
- 5 The Housing Strategy consolidates housing policy and housing activities into one place to ensure a joined up and strategic approach to addressing housing issues in County Durham. As a result, the Housing Strategy brings together information from different work streams, plans and programmes of activity. An overview of these key documents and evidence base areas is set out in the table below:

<b>Document / Evidence Base</b>	<b>Overview of content and relationship with Housing Strategy</b>	<b>Status</b>
County Durham Plan (CDP) Preferred Options	The CDP Preferred options will inform the <i>Delivery of More Homes</i> Objective.	CDP Preferred Options to be considered by DCC Cabinet in summer 2018.
Strategic Housing Market Assessment (SHMA)	Provides housing market information within County Durham, including identifying the need for affordable housing.	Published in 2016.
Housing Demand Assessment	An evidence base to understand differing levels of housing demand across the County and factors influencing demand. To inform the <i>Improvement of housing stock and wider environment in the social and private sector</i> Objective	This work is currently in development and has been subject to discussion by the Housing Support Group, the Housing Development Group and the Housing Forum.
Housing Market Position Statement	Evidence to inform specialist housing needs within County Durham to inform the <i>Provision of advice, assistance and support for older and vulnerable people</i> Objective	This work is currently in development.
Homelessness Strategy	The <i>Homelessness Prevention</i> Issue will be informed by this work area.	A review of homelessness is underway which will inform the development of the Homelessness Strategy

- 6 As work progresses on the above areas, content will be developed for the Housing Strategy. It is recognised that there is an opportunity to align the development of the Housing Strategy to the development of the County Durham Plan, particularly as elements of the Housing Strategy will reflect this document. In this context, the Housing Strategy will be published for consultation in summer 2018.

## **Homelessness and the Homelessness Strategy**

### Contacts to Housing Solutions

- 7 The first point of contact for Housing Solutions is The Housing Advice Line. The number of clients contacting the Housing Advice Line is monitored and analysed to inform future service development.
- 8 Clients are provided with one off advice by Housing Advice Line officers or are referred for further assistance to a range of specialist officers. These include Gypsy Roma Traveller (GRT), Private Sector Housing, Homeless Advice and Prevention, Home Improvement Agency (HIA), Regeneration & Warmer Homes, Durham Key Options choice based lettings scheme & Family Intervention support. Clients who are homeless or threatened with homelessness are referred to a Homeless and Prevention Officer for a more detailed assessment.
- 9 The number of clients contacting the service for general housing advice over the last 3 years shows an increase and this is because Housing Solutions is now a larger team covering more functions. During 16/17, 16,183 clients contacted the service either through the housing advice line, a referral from a partner agency or via an on line portal. The figure so far from April 2017 up to December 2017 is 13,046.
- 10 In response to the Homelessness Reduction Act 2017 the delivery of the front line service has been reviewed to ensure compliance and improved service delivery. A new structure will be implemented in April 2018 to strengthen the level of support provided to clients who are homeless or threatened with homelessness.

### Homelessness: headline statistics

- 11 The number of completed homeless applications shows an increase over the last 2 years. In 15/16 458 were completed and in 16/17 528 were completed. The figure From April 2017 up to December 2017 is 340.
- 12 The approach of Housing Solutions is to try and prevent homelessness at an early stage. This is in line with the new requirements of the Homelessness Reduction Act 2017 which is to be implemented in April 2018. A number of prevention tools are used successfully such as:
- Joint protocol for 16/17 year olds;
  - Pre eviction protocol working together with landlords;

- Family intervention case work to assist households with complex needs;
- Prevention fund to assist clients access accommodation; and
- Use of the Discretionary Housing Payment to provide a top up for short fall in rent.

- 13 As a result of this work in 16/17 homelessness was prevented for 1120 clients and from April 2017 to December 2017 for 1262 clients.
- 14 The main reasons for homelessness are loss of rented or tied accommodation, termination of assured short hold tenancy or violent breakdown of relationship. This trend has been consistent for the last 3 years.

#### Review of homelessness and development of a strategy

- 15 In light of the Homelessness Reduction Act 2017 a revised draft Code of Guidance was published in October 2017. In line with the requirements of the revised Code of Guidance, Local Authorities have a duty to carry out a review of homelessness and publish a strategy based on the results of the review. The existing homelessness strategy is therefore under review as part of the of the overall housing strategy framework for County Durham.
- 16 The review is considering current and future levels of homelessness including trends, household profiles, causes of homelessness, involvement of partners, existing stock supply and future requirements.
- 17 The strategy will cover three key areas of activity:
- Preventing homelessness, this will include advice, early identification, pre-crisis intervention and partnership arrangements;
  - Securing that sufficient accommodation is available for people who become homeless; and
  - Securing the satisfactory provision of support for people who are homeless or may become homeless. This will include support for rough sleepers, households in temporary accommodation.

#### **Recommendations**

- 18 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and during the presentation.
- 19 That the Economy and Enterprise Overview and Scrutiny Committee as part of the refresh of the work programme for 2018-2019 receive a further progress report in relation to both strategies.

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**Author: Graeme Smith – Policy Team Leader**  
**Tel: 03000 263 610**

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## Appendix 1: Implications

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**Finance** – N/A

**Staffing** – Staff resources are required to progress the development of the Housing Strategy the Homelessness Strategy and related activities.

**Risk** – Risks will be managed at a project level as evidence base and strategies are developed which inform the Housing Strategy.

**Equality and Diversity**– The Housing Strategy will be subject to an Equalities Impact Assessment (EQIA) any recommendations arising from this assessment will be addressed prior to consultation. Work associated with the Homelessness Reduction Act, Restructure and Homelessness Strategy is subject to a full EQIA.

**Accommodation** – N/A

**Crime and Disorder** – N/A

**Human Rights** – N/A

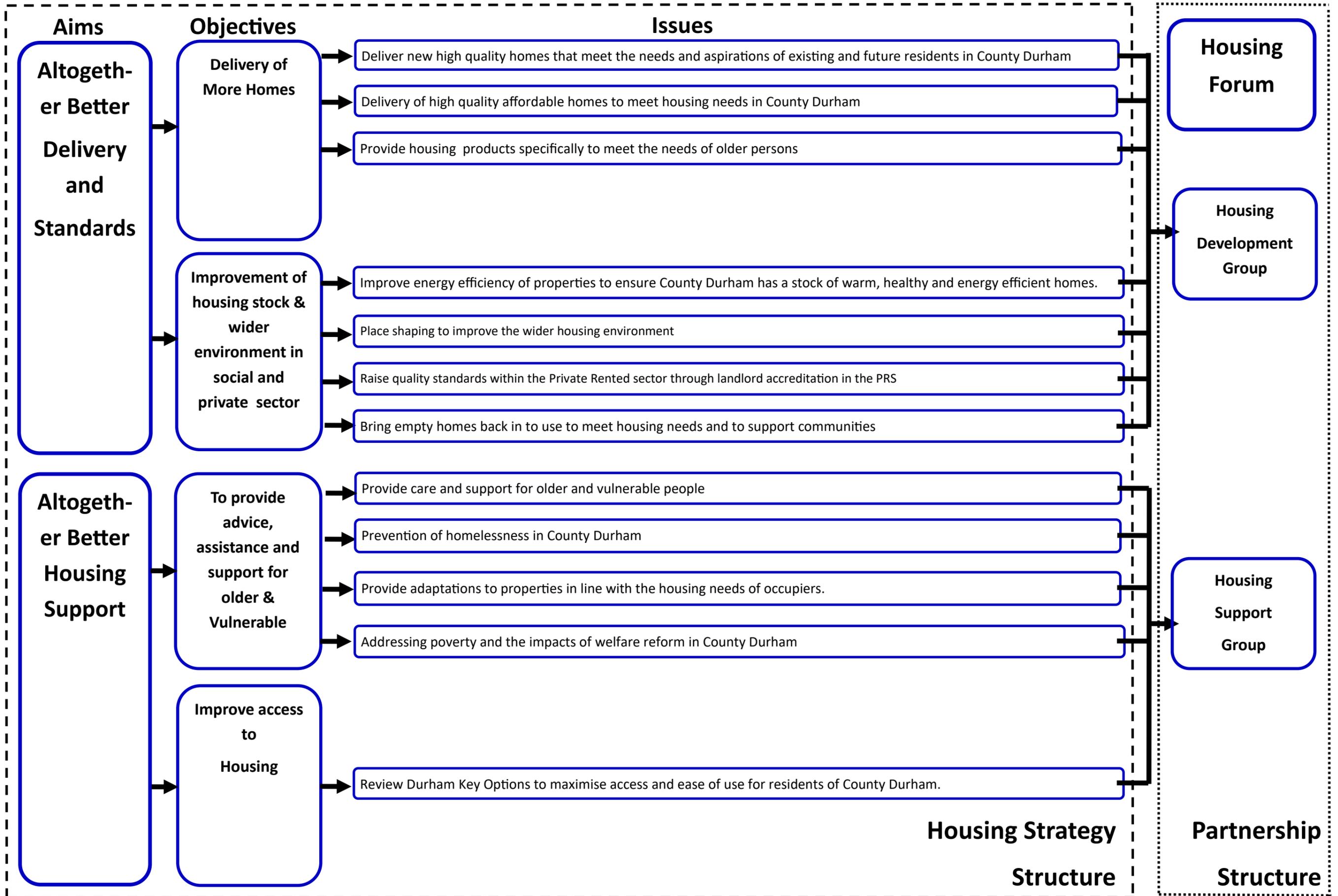
**Consultation** – Consultation will be undertaken on the Housing Strategy in summer 2018. The development of the Strategy and evidence base is being supported through the established Partnership structure.

**Procurement** – N/A

**Disability Discrimination Act** –The Housing Strategy will address relevant issues as part of the Equality Impact Assessment

**Legal Implications** – Legal requirement under the Homelessness Act 2002 for Local Authorities to publish and review the Homelessness Strategy.

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**26 February 2018**



**Private Sector Housing**

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**Joint Report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services**

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**Purpose of the Report**

1. To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with an update of the progress made with the private rented housing sector in County Durham with a focus on the accreditation scheme, prior to a presentation at the meeting providing Members with detail of: various initiatives in the county; achievements; challenges; and future activity.

**Background**

2. Durham is a large and diverse area with different parts of the county having distinctive characteristics and needs and this is true of the housing sector as much as any part of the county's infrastructure.
3. According to the 2011 census, there are 223,803 occupied households in the county with 14% of them being in the private rented sector.
4. The census shows a significant growth in the private rented sector in the ten years between 2001 and 2011, with the number of private rented homes in the county rising by 78% from 15,825 to 28,142 households.
5. Apart from the concentration of private rented housing in Durham City serving its student population, private rented housing in County Durham tends to be concentrated in areas of relative deprivation, where the housing market is weak. Private rented property is often older types of housing, in poor condition and failing to meet the minimum condition standards.
6. Private rented accommodation is a valuable and growing part of the housing market, providing flexibility for people who choose not to buy and can provide affordable housing for those who are unable to afford to purchase their own home. Whilst it is the tenure of choice for some, an increasing number of residents have no other available option than to rent in the private sector.
7. The majority of private landlords who operate in the county provide good quality accommodation and are aware of their responsibilities, however a small number operate poor management practices and allow tenants to live in unsatisfactory conditions. This can have a negative impact on the health and wellbeing of tenants, neighbours and the community.

## Initiatives to improve the private rented sector

8. Housing Solutions private sector housing team work proactively to encourage a more professional private rented sector in the county by improving the management practices of landlords and the quality of the accommodation they let.
9. In working to address the issues of poor standards in the private rented sector the private sector housing team deliver many initiatives and some of these include:
  - (a) Advice and information – is provided to landlords and tenants regarding their legal rights and responsibilities of renting property.
  - (b) Empty homes – working with property owners through engagement, encouragement and the provision of financial assistance, over 700 long-term empty homes have been brought back into occupation since April 2014. The annual target of returning 120 properties into occupation has been exceeded for the fourth year in succession and the team have been recognised nationally for the work they do.
  - (c) Selective licensing – there are three designated areas of selective licensing in the county: Chilton West, Dean Bank in Ferryhill and Wembley in Easington Colliery. In these areas, a landlord has to obtain a licence from the council in order to rent out their property and all tenants must be referenced. In order for an area to be designated as a selective licensed area there must be a high concentration of privately rented properties and the area must be suffering significantly high levels of anti-social behaviour and low housing demand. Across the three designations 96% of licensable properties are currently licensed. Fifteen landlords have been prosecuted; eleven for failing to obtain a licence and four for breach of licence conditions. Four formal warnings and eight informal warnings have been issued showing that the Council takes its responsibilities seriously.
  - (d) Financial assistance – a suite of loan products is available to help landlords improve their properties. Interest free loans are available to property owners to bring empty properties back into use and ‘move in’ incentive grants are available to people who purchase a long-term empty property to live in themselves. All loans are registered as a secure charge against the property and owner occupiers who receive a move in grant have to remain living in the property for five years or repay the council in full.
  - (e) Accreditation – in 2015 the private landlord accreditation scheme was launched countywide. The scheme is voluntary and for landlords to be a member they must operate to a code of practice, which includes property condition; management practices; and the good character of the landlord. 10% of each landlords property portfolio is inspected. 129 landlords are currently accredited covering 2604 properties.

- (f) Targeted areas – resolving issues in specific areas through a targeted multi-agency approach. This approach has been rolled out across the county and in the last year time limited projects (TLPs) have been undertaken in the Dene Valley; Grange Villa; Chester-le-Street; Easington Colliery; Wheatley Hill; and Horden. This work has had a positive impact on returning properties to use, engaging with landlords and increasing the membership of the accreditation scheme.
- (g) East Durham neighbourhood initiatives officer – working with the East Durham Trust and the AAP this officer role was introduced as a pilot project to help support the communities, specifically vulnerable tenants living in privately rented properties. The aim is to help people sustain their tenancies by supporting them to manage their money and their tenancies better.

### **Private Landlord Accreditation Scheme**

- 10. The private landlord accreditation scheme was launched countywide in April 2015 and is a key priority for Housing Solutions. Landlords are encouraged to join the scheme and renew their membership on an annual basis. Encouraging landlords to be an active member of the Landlord Accreditation Scheme has benefits to landlords, tenants, the council and the local community.
- 11. Landlords are encouraged to advertise their vacant properties through Durham Key Options and homeless and prevention officers use only accredited landlords to accommodate homeless people or those threatened with homelessness. The Rent Deposit Guarantee Scheme and empty homes loans are only available to accredited landlords, which are an incentive for landlords to join the scheme.
- 12. To date the scheme has achieved:
  - (a) A membership of 129 landlords and 2604 properties.
  - (b) An average annual renewal rate of memberships is 45%
  - (c) Since April 2017 121 properties have been let through Durham Key Options.
  - (d) 626 properties have been inspected.
  - (e) Landlords receive quarterly newsletters with up to date information.
  - (f) Landlords forums are held every quarter.
  - (g) A programme of free training sessions have been delivered to 64 landlords to date with a 100% positive feedback from attendees.
  - (h) The scheme has been promoted on the front page of the council's website three times and appears on the intranet regularly.
  - (i) Three press releases: one at the start of the scheme; one following the 100<sup>th</sup> member; and one for the first countywide landlord event in October 2017, to encourage further membership.
- 13. A countywide landlord event was held in October with over 100 landlords in attendance. The event was supported by external agencies such as Durham Constabulary, Durham and Darlington Fire and Rescue Service, Northumbria Water and My Deposits.

## Future Challenges

14. With limited powers to regulate the private rented sector, reliance is placed on the negotiation and persuasion skills of council officers to explain the legal responsibility of homeowners and encourage them to operate within these boundaries.
15. As the private rented sector is the tenure of necessity for many tenants, the introduction of the Homeless Reduction Act in April 2018 calls for good quality, well-managed private rented property. The details and implications of this will be further explained at the Scrutiny meeting.
16. The Housing and Planning Act 2016 introduces provisions for private landlords and letting agents with the introduction of:
  - (a) Rent Repayment Orders – where a landlord commits a serious offence against a tenant i.e. failing to carry out work to prevent a health and safety risk; threats of violence; illegal eviction or harassment, the landlord can be ordered to repay up to 12 months rent to the person or organisation who has paid it.
  - (b) Civil penalties - a local authority may opt to use a civil penalty as an alternative to prosecution of a landlord in situations where a landlord fails to comply with a notice or breaches licence conditions.
  - (c) Tenancy deposit data sharing – local authorities can request information regarding deposits to aid enforcement activity.

To be introduced in April 2018:

- (d) Banning orders – to ban a landlord or letting agent from engaging in letting or related activity where convicted of aggravated crimes.
  - (e) A rogue landlord database - where property owners have been found guilty of certain housing related offences they will be placed on a register and enforcement agencies are expected to monitor for re-offending.
  - (f) A new abandonment process – landlords can serve notice on tenants to recover their property where they think it has been abandoned or high levels of rent are owed.
17. The private rented sector has been subject to more legislative changes in the last two years than it has in the last twenty years. Along with rising costs through taxation changes, negative equity, changes in mortgage lending, banning of tenant fees, 100% council tax charges and the introduction of universal credit many landlords are experiencing difficult times.

## **Recommendations**

18. Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and the presentation.
19. That the Economy and Enterprise Overview and Scrutiny Committee continues to monitor the progress of the various initiatives undertaken with the private rented sector including the Landlord Accreditation Scheme with a further progress report scheduled in the work programme for 2019/20.

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**Appendix 1: Implications**

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**Finance – N/A**

**Staffing – N/A**

**Risk – N/A**

**Equality and Diversity / Public Sector Equality Duty – N/A**

**Accommodation – N/A**

**Crime and Disorder – N/A**

**Human Rights – N/A**

**Consultation – N/A**

**Procurement – N/A**

**Disability Issues – N/A**

**Legal Implications – N/A**

## Economy and Enterprise Overview and Scrutiny Committee

26 February 2018

### County Durham Investment Pipeline



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## Report of Ian Thompson, Corporate Director of Regeneration and Local Services

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### Purpose of the Report

1. The purpose of this report is to provide Economy and Enterprise Overview and Scrutiny Committee with an overview of the approach to managing an investment pipeline and an update on our major projects with the county.

### Context

2. Since the recession of 2008, the North East economy has recorded consistent growth rates, driven by private sector growth in manufacturing, digital and business services. Employment within the county is now at 71.7%, which has risen from a low of 64.8% in 2012, but has not quite reached the pre-recession peak of 72.1%. The growth in jobs has started to close the employment rate gap with the national average, but productivity levels remain challenging. The uncertainties of Brexit, have been compounded by other policy and government changes, leading to greater uncertainty amongst the business sector. Business confidence is mixed in County Durham.
3. The Council and its partners need to ensure that opportunities for private investment and funding are maximised to support our plans for economic growth set out within the County Durham Regeneration Statement and North East Strategic Economic Plan –*more and better jobs*. County Durham has over £3billion of planned investments across the county and we need to help make this happen. This will help us meet our significant jobs growth challenge - with a further 10,000 jobs required to bring us up to the national employment rate of 74%.
4. The Council and partners have a good track record of being awarded project funding to support economic growth. Recent successes include Local Growth Fund, National Productivity Investment Fund and Housing Infrastructure Fund. Having an approach to managing an investment pipeline and developing major projects is an important part of this, enabling opportunities to be capitalised.

## Managing an Investment Pipeline for the County

5. Investing in infrastructure, businesses and skills development is essential to driving economic growth within the county, to improve our competitiveness and to facilitate job creation. It is understood that the council need to continue to work closely with its partners to create these job opportunities and to boost economic growth. The Council has a proactive approach which involves the council leading, facilitating, partnering and/or promoting opportunities across a variety of council Service Groupings and private sector partners.
6. A flexible investment pipeline is managed within Regeneration and Local Services to ensure that the county can remain responsive to opportunities. This enables us to:
  - identify ideas early, develop robust business cases and enable project proposals that are ‘investment ready’
  - accelerate delivery plans
  - stimulate market investment through joint ventures, collaborations and seed funding
  - help tackle barriers to growth like low land values and land assembly by supporting the delivery of site infrastructure including roads and utilities like power, water and gas to improve ‘readiness’ for investment - enabling the delivery of otherwise marginal or unviable sites.
  - take advantage of our assets through direct promotion with the Department of International Trade, Northern Powerhouse, North East Local Enterprise Partnership, Transport for the North and other direct Governmental Departments.
  - inform strategy development with County Durham based evidence and opportunities. This helps to ensure that the county’s strategic priorities are recognised at a regional, pan regional and national level. This is delivered through lobbying as well effective representation at organisation like North East Local Enterprise Partnership and the North East Combined Authority.

## Priority Areas for Investment – Investment Pipeline

7. Our ambitions for growth and spatial plans for development are predicated on market appetite and ability to secure investment. To facilitate this process it is imperative we set priorities.

### *Priorities:*

8. To **enhance connectivity and business routes to market** the A19, A1(M), A167, East Coast Mainline and Durham Coast Line transport corridors within the county present priorities to facilitate economic growth. Improvements to the infrastructure itself, business parks, town centres and housing sites will provide better connected places to stimulate future jobs growth and investment. Major projects (in varying forms of development) include:
  - Integra 61
  - Newton Aycliffe Business Park and Forrest Park
  - Horden Rail Station
  - Jade Business Park

- Durham City Relief Road
9. **Maximising the strength of our places (Durham City and towns), growing our business and cultural assets** are clear priorities for the county. Durham City is a vital economic asset for the region that needs to continue to be harnessed. Recent private sector investment at Riverwalk (formerly The Gates Shopping Centre), along with new hotel developments and the agreed new Durham County Council HQ site, provide momentum that needs to be continued. Growth in our business sectors across the county in areas like advanced manufacturing and engineering need facilitation by the provision of investment ready and viable sites that provide the infrastructure and utilities, in the right location for business to flourish. We need to take advantage and continue to promote our successful inspirational cultural projects that lever considerable private investment, providing great promotion for the county and job opportunities such as Lumiere. Major projects (in varying forms of development) include:
- Aykley Heads
  - Milburngate House
  - NETPark
  - The Auckland Project and Kynren
10. We work across all of our towns to take forward improvements with recent programmes including Seaham North Pier and the Witham in Barnard Castle. In the coming months we will be developing a forward programme of initiatives for towns and villages across the county.

### Next Steps

11. The council will continue to develop and manage its project pipeline to ensure that projects have the opportunity to be fully developed, promoted and delivered. This will continue to involve partner collaboration and a proactive approach to appropriately, planning and developing projects to take advantage of funding opportunities as they arise. Current funding opportunities include Housing Infrastructure Fund, European Regional Development Fund, Transport Majors and National Productivity Investment Fund.
12. Opportunities to support and inform strategy development like the Transport for the North Strategy, a Local Industrial Strategy as proposed within the Industrial Strategy Green paper and associated Sector Deals will be considered. This will help to ensure that investment priorities for Durham are reflected within regional and national policy and will help to secure future funding to address our needs and growth potential.

### Recommendations

13. The Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the contents of the report.

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	<b>Heather Orton</b>	<b>Tel:</b>	<b>03000 264 715</b>

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## **Appendix 1: Implications**

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### **Finance –**

There are no financial implications at this stage. Projects that have been awarded funding are in Regeneration and Local Services capital programme and each project sets out individual match funding and cash flow requirements.

Projects in development are built into existing priorities within the Regeneration and Local Services Service Grouping Capital Programme. As such they are project proposals and are treated as bids. Projects would have to undergo full business case development and at this point the Council would be made aware of any match funding or cash flow requirements.

### **Staffing –**

None

### **Risk –**

There are no risk implications at this stage. Each project would set out its own risk register.

### **Equality and Diversity –**

None

### **Accommodation –**

None

### **Crime and Disorder –**

None

### **Human Rights –**

None

### **Consultation –**

None

### **Procurement –**

None

### **Disability Discrimination Act –**

None

### **Legal Implications –**

None

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**Economy and Enterprise  
Overview and Scrutiny Committee**

26 February 2018

**Industrial Strategy White Paper:  
Building a Britain Fit for the Future**



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**Report of Ian Thompson, Corporate Director of Regeneration and Local Services**

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**Purpose of the Report**

- 1 To update members of the Economy and Enterprise Overview and Scrutiny Committee on the content of the [Industrial Strategy White Paper](#) which was published in November 2017.

**Background**

- 2 The Industrial Strategy Green Paper was subject to a consultation in early 2017 and Scrutiny received a paper summarising it in spring 2017. Durham County Council responded to this consultation with the main points being that the ambition to address imbalances in growth across the country were welcome but that the green paper's narrow focus on sectors and lack of investment could stifle growth and innovation. Furthermore, our response outlined the need for skills and education to be more strongly represented in the Strategy with more action by the Government to encourage smaller businesses to engage with the education sector.
- 3 The response also encouraged the Government to recognise the diversity of regions and local areas across the country and the need to help them to build on their strengths. We specifically asked for the government to empower County Councils with additional planning and compulsory purchase powers as well as funding packages tailored to local needs and opportunities. Unfortunately many of our comments were not taken on board.
- 4 The Industrial Strategy White Paper, published in November, is significantly different from the Green Paper with '*five foundations*' compared to the original '*10 pillars*'. The table below compares the framework of each (see Appendix 2 for more detail).

White Paper Foundations of Productivity	Green Paper 10 Pillars
Places Ideas People Infrastructure Business Environment	Growth across the whole country Local institutions Science, research and innovation World-leading sectors Skills Infrastructure Energy and clean growth Business starts and growth Trade and inward investment Procurement

## Opportunities and Challenges

- 5 The Industrial Strategy is a flagship strategy for the Government which overlaps with a number of funding and governance issues. It reinforces the roles of Local Enterprise Partnerships (LEPs) and mayoral combined authorities and sets out the need for new *'Local Industrial Strategies'* which are to be led by LEPs or mayors. The Strategy commits to the establishment of an Industrial Strategy Council that will monitor and report on the Government's progress towards the Strategy's objectives and targets. It also outlines the intention for the Prime Minister to chair bi-annual meetings with LEP chairs and determines that all LEPs should establish Skills Advisory Boards to focus on post 16 technical education<sup>1</sup>.
- 6 The Strategy is positioned to align the Northern Powerhouse Strategy, LEP Strategic Economic Plans, and local strategies. It is complemented by a number of initiatives and competitive funding streams, many of which have been in the pipeline for a number of years or have been announced in previous budgets. There is a commitment to developing a pilot Teacher Development Programme in the North East which is aimed at addressing poorer performance of schools compared to national averages. It outlines additional support to encourage the take-up of apprenticeships by young people and disadvantaged families. It also sets out the commitment to supporting more disabled people into employment by 2027 – which is a key challenge in County Durham. There are additional commitments to supporting the development of higher-level and technical skills, retraining, broadband, electric vehicles, and cities.

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<sup>1</sup> The North East LEP currently has an Employment and Skills Board

- 7 In parts of the UK where economic performance lags European averages EU funding has been a crucial means of supporting growth and, whilst the Government outlined in their 2017 election manifesto that this would be replaced by a Shared Prosperity Fund, there are no details of this in the Industrial Strategy. In the Autumn Budget 2017, the Government committed to consulting on the Shared Prosperity Fund in 2018 but no further details have been released. However, it is expected that future funding will be aligned to Local Industrial Strategies.
- 8 Overall the Strategy lacks any analysis of the business challenges and opportunities relating to Brexit, which is a fundamental weakness. However, the Strategy set the groundwork for four sector deals that have been agreed (life sciences, construction, artificial intelligence, and automotive) and others that are in development (including creative, digital, nuclear and steel sectors). In each case the Government is working with a range of industry representatives and expect the deals and relationships to develop and evolve over time. As part of the deals, the Government is also packaging a range of investments which are designed to support the development of businesses, and the infrastructure they need, across the whole country.
- 9 Ordinarily the Government would consult on a White Paper, but there is no opportunity to respond to the Industrial Strategy. Similarly, there is a lack of transparency about how organisations and businesses – particularly those in poorer performing sectors and outside of cities – can work with the Government to develop deals and obtain support.

## **Conclusion**

- 10 The Industrial Strategy provides a number opportunities for County Durham and the North East to obtain funding and support economic growth, which are likely to broaden in coming years. However, the strategy is rigid in terms of its *'one size fits all'* approach to the governance of economic growth across England.
- 11 There may be opportunities for Durham County Council to shape forthcoming Government policies and financial packages – perhaps most significantly the Shared Prosperity Fund – which could have a major impact on how economic growth is supported in the future. This Fund is likely to be aligned to Local Industrial Strategies, therefore it is vital that Durham County Council maintains a strong role within the region and continues to raise its national profile.

## **Next Steps**

- 12 In response to the Strategy, the North East LEP is aiming to be amongst the first area in the Country to develop a Local Industrial Strategy.

- 13 County Durham Economic Partnership is working with regional and national representatives to evaluate the options for the new Shared Prosperity Fund. Durham County Council is involved in discussions with national bodies such as the County Council's Network, the Local Government Association, the New Local Government Network, and the Industrial Coalfields Alliance and the to lobby the Government on the new fund and associated issues.
- 14 Durham County Council will continue to monitor the Government's approaches to growth and devolution to evaluate and report relevant opportunities.

### **Recommendation**

- 15 That the members of the Economy and Enterprise Overview and Scrutiny Committee note the content of the Industrial Strategy White Paper and opportunities for County Durham.

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## **Appendix 1: Implications**

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**Finance** – None.

**Staffing** – None.

**Risk** – None.

**Equality and Diversity / Public Sector Equality Duty** – None.

**Accommodation** – None.

**Crime and Disorder** – None.

**Human Rights** – None.

**Consultation** – There is no consultation on the White Paper.

**Procurement** – None.

**Disability Issues** – None.

**Legal Implications** – None.

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## Appendix 2: Summary of the Industrial Strategy

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Foundations	Actions
<p><b>Ideas</b> <i>The world's most innovative economy</i></p>	<ul style="list-style-type: none"> <li>• Raise R&amp;D investment to 2.4 per cent of GDP by 2027</li> <li>• Increase the rate of R&amp;D tax credit to 12% from 2018</li> <li>• £725m Industrial Strategy Challenge Fund (2<sup>nd</sup> wave) to address four <b>Grand Challenges</b>:               <ul style="list-style-type: none"> <li>○ Artificial intelligence &amp; big data</li> <li>○ Clean growth</li> <li>○ Future mobility (people, goods, services)</li> <li>○ Ageing society</li> </ul> </li> </ul>
<p><b>People</b> <i>Good jobs and greater earning power for all</i></p>	<ul style="list-style-type: none"> <li>• A new technical education system (after full consultation)</li> <li>• £406m for maths, digital and technical education to address the shortage of STEM skills</li> <li>• £64m National Retraining Scheme focusing on national skills priorities e.g. digital and construction training</li> </ul>
<p><b>Infrastructure</b> <i>A major upgrade to the UK's infrastructure</i></p>	<ul style="list-style-type: none"> <li>• Increase the National Productivity Investment Fund to £31bn for transport, housing and digital infrastructure</li> <li>• £400m for electric car charging infrastructure and an extra £100m to extend the grant scheme for plug-in cars</li> <li>• £1bn for digital infrastructure including £176m for 5G and £200m to ensure 10m properties have full fibre coverage</li> </ul>
<p><b>Places</b> <i>Prosperous communities across the UK</i></p>	<ul style="list-style-type: none"> <li>• Local Industrial Strategies (led by Mayors or LEPs where there is no mayor) – the first will be agreed by March 2019</li> <li>• £1.7bn Transforming Cities fund to improve connectivity, reduce congestion, and new mobility technology in cities.</li> <li>• £42m Teacher Development Premium pilot; £1,000 budget for teacher development in areas that have fallen behind</li> </ul>
<p><b>Business environment</b> <i>The best place to start and grow a business</i></p>	<ul style="list-style-type: none"> <li>• <b>4 Sector Deals</b> in life sciences, construction, artificial intelligence, and automotive. Three further sector deals are in 'advanced discussions' including creative industries, industrial digitisation, and nuclear and are also understood to be in consultation with the steel sector.</li> <li>• £20bn+ for innovative businesses, including £2.5bn business Investment Fund in the British Business Bank</li> <li>• Measures to improve the productivity and growth of SMEs</li> </ul>