

**Economy and Enterprise  
Overview and Scrutiny Committee**

**29 September 2015**

**Regeneration and Economic  
Development Service – Revenue and  
Capital Outturn 2014/15**



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**Joint Report of Corporate Director – Regeneration and Economic  
Development and Corporate Director - Resources**

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**Purpose of the Report**

1. To provide details of the outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget.

**Background**

2. County Council approved the Revenue and Capital budgets for 2014/15 at its meeting on 26 February 2014. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following three major accounts maintained by the RED service grouping:

- *RED Revenue Budget - £44.077m (original £42.653m)*
- *Housing Revenue Account - £66.034m*
- *RED Capital Programme – £83.271m (original £109.598m)*

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

- Transfer of budget from CAS for management of Gypsy Roma Traveller service £127k
- Reduction in staffing budget to reflect purchase of annual leave -£33k
- Reduction in car mileage budget to reflect corporate savings -£40k
- Increase in Assets budget to support office accommodation project £120k
- Transfer of budget to Neighbourhood Services for Highway Network maintenance service -£43k
- Increase in capital charges budget not controlled by services £622k
- Transfer of budget to ACE for corporate subscriptions -£1k

- Transfer of budget from Neighbourhood Services for bus station cleaning £81k
- 2014/15 Pay award financed from central contingencies £209k
- Net planned use of reserves and contingencies to support service spending £382k

The revised General Fund Budget now stands at £44.077m.

4. The summary financial statements contained in the report cover the financial year 2014/15 and show: -
- The approved annual budget;
  - The actual income and expenditure as recorded in the Council's financial management system;
  - The variance between the annual budget and the actual outturn;
  - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

#### Revenue - General Fund Services

5. The Regeneration and Economic Development Service Grouping is reporting a cash limit spend which is **£1.395m** under budget against the revised annual budget of **£44.077m**. The forecast outturn position reported at Quarter 3 was a cash limit spend of £1.320 under budget – a variance of £0.075m under the previous forecast.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

#### Subjective Analysis (£'000)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	29,480	28,867	-613	822	209
Premises	2,938	6,244	3,306	-1,991	1,315
Transport	1,062	898	-164	0	-164
Supplies and Services	11,106	10,258	-848	219	-629
Agency and Contracted	19,850	19,721	-129	145	16
Transfer Payments	95	10	-85	0	-85
Central Costs	11,006	23,011	12,005	-11,136	869
<b>GROSS EXPENDITURE</b>	<b>75,537</b>	<b>89,009</b>	<b>13,472</b>	<b>-11,941</b>	<b>1,531</b>
<b>INCOME</b>	<b>-31,460</b>	<b>-46,604</b>	<b>-15,144</b>	<b>12,218</b>	<b>-2,926</b>
<b>NET EXPENDITURE</b>	<b>44,077</b>	<b>42,405</b>	<b>-1,672</b>	<b>277</b>	<b>-1,395</b>

## Analysis by Head of Service (£'000)

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Strategy Programmes Performance	1,786	1,723	-63	-21	-84
Economic Development & Housing	7,300	10,696	3,396	-3,486	-90
Planning & Assets	6,035	10,962	4,927	-5,217	-290
Transport & Contracted	18,301	16,360	-1,941	1,034	-907
Central Managed Costs	10,655	2,664	-7,991	7,967	-24
<b>NET EXPENDITURE</b>	<b>44,077</b>	<b>42,405</b>	<b>-1,672</b>	<b>277</b>	<b>-1,395</b>

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

Head of Service	Service Area	Description	(Under) / Over budget £'000	(Under) / Over budget £'000
Strategy Programmes Performance	Strategy, Policy, Partnerships & Support	£63k under budget on employee costs	-77	
		£14k under budget on supplies and services		
	County Durham Economic Partnership	£15k under budget on supplies and services	-15	
	Planning & Performance	£23k under budget on employee costs	-23	
	Funding and Programmes	£31k over budget on rural legacy projects	31	<b>-84</b>
Economic Development & Housing	Head of Economic Development	£9k approved over budget on apprenticeship	-21	
		£50k under budget on third party payments		
		£20k agreed contribution to Tourism		
	Physical Development	Minor variance	-6	
	Visit County Durham	Minor variance	-7	
	Business Durham	£102k under budget on supplies and services £211k under budget due to NETpark additional income from industrial portfolio £313k transferred to Business Durham Reserve	0	
Economic Development	£80k approved over budget on apprenticeships £22k under budget on supplies and services	58		
	Housing Solutions	£170k MTFP 2015/16 savings achieved early £230k under budget on GRT sites £276k spending on Family Wise Project to assist people into work £10k additional spend on other areas	-114	<b>-90</b>

Head of Service	Service Area	Description	(Under) / Over budget £'000	(Under) / Over budget £'000
SPPAE	Head of SPPAE	Agreed over budget to North Pennines AONB spending	43	
	Spatial Policy	£31k under budget on employees £16k under budget on transport £82k agreed over budget on County Durham Plan	35	
	Development Management	£34k under budget on employees £70k over budget on supplies and services including £26k in respect of Windmills and £19k in respect of area of blight £48k agreed over budget on archiving /scanning £465k overachieved planning fee income	-381	
	Building Control	£25k under budget on employees £15k under budget on supplies and services £96k overachieved Building Control fee income	-136	
	Environment & Design	£31 under budget on employees £5k under budget on supplies and services £166k overachieved income from FIT, timber sales, RENERGY, Darlington BC Sustainability Appraisals	-202	
	Asset Management	£205k over budget relating to under achieved income in property management from Brackenhill Peterlee, Millenium Square Durham and Newgate Street Bishop Auckland. £226k agreed over budget on Freemans Reach development stamp duty and legal fees regarding Sniperley £102k agreed over budget regarding asset rationalisation at Parsons Court and acquisition of Kingswood Nature Reserve £124k overachieved income on large land sales £58k under budget on surplus properties	351	<b>-290</b>
	Transport	Head of Transport	Minor variance	7
	Traffic	£21k under budget on employees £90k under budget on various premises and transport costs and supplies and services costs £102k under budget on third party payments primarily due to re-phasing of traffic signals expenditure into 2015/16 £31k under budget on supplies and services £139k under achieved parking income, including impact of the Free after 3 Christmas initiative and reduced concessionary fare passengers.	-105	
	Sustainable Transport	£20k under budget on employee costs £444k under budget primarily due to savings on bus contracts	-464	
	Supported Housing	£30k over budget on employee, premises and transport costs primarily due to 24/7 service cover £146k under budget on supplies and services and third party payments primarily due to planned underspend on equipment	-345	<b>-907</b>

Head of Service	Service Area	Description	(Under) / Over budget £'000	(Under) / Over budget £'000
		£229k over achieved income due to increased self-paying client numbers and additional SLA income		
Central	Central Costs	Range of minor variances	-24	-24
<b>TOTAL</b>				<b>-1,395</b>

8. The final outturn position is broadly in line with forecasts prepared during the year and the £1.395m under budget will be carried forward under the 'cash limit' regime. It should also be noted that the MTFP saving target for RED in 2014/15 of £1.1m was delivered.

### Revenue – Housing Revenue Account (HRA)

9. During 2014/15 the Authority was responsible for managing the HRA which is concerned solely with the management and maintenance of its housing stock of around 18,500 dwellings. Two arms length management organisations (ALMOs) have been established to operationally manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City Homes is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
10. The table in **Appendix 2** shows the outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a surplus of £17,879k. The following table summarises the position:

Housing Revenue Account	Budget £'000	Outturn £'000	Variance £'000
<b>Income</b>			
Dwelling Rents	(64,558)	(64,834)	(276)
Other Income	(1,371)	(4,431)	(3,060)
Interest and investment income	(105)	(112)	(7)
	<b>(66,034)</b>	<b>(69,377)</b>	<b>(3,343)</b>
<b>Expenditure</b>			
ALMO Fees	16,799	16,799	0
Repairs, Supervision and Management Costs	12,019	13,043	1,024
Depreciation	7,872	7,337	(535)
Interest Payable	12,627	10,501	(2,126)
Revenue contribution to capital programme	16,717	3,818	(12,899)
	<b>66,034</b>	<b>51,498</b>	<b>(14,536)</b>
<b>Net Position</b>	<b>0</b>	<b>(17,879)</b>	<b>(17,879)</b>

11. In summary, the main variances with the budget are explained below and relate to the figures and corresponding notes shown in Appendix 2:

- a) **Dwelling Rents £276k increased income** – this results from a lower than anticipated void rate and less Right to Buys being completed;
- b) **Charges for Services £3,009k additional income** – this primarily results from additional NWA water commission plus a repayment of ALMO reserves (£2,728k) back to the Council;
- c) **Repairs & Maintenance £167k over budget** – this results from higher than anticipated responsive repairs in the Durham City Homes area;
- d) **General Supervision & Management £1,438k over budget** – this results from £60k under budget from savings on vacant posts and premises costs at Durham City Homes offset by £1,259k costs incurred in setting up the new Housing Company which was previously agreed to be met from existing revenue savings. In addition the Council has spent £239k on Welfare Reform initiatives which were planned to be met from reserves;
- e) **Depreciation & Impairment £535k under budget** – resulting from less impairment being incurred on HRA non dwelling assets;
- f) **Changes in Bad Debt Provision £565k under budget** – this results from lower than anticipated arrears, due to the delay by the Government in introducing Universal Credit and the work carried out by the three providers in maintaining rent arrears at a consistent level;
- g) **Interest Payments £2,126k under budget** – this results from a lower interest rate and lower outstanding loan debt than originally anticipated;
- h) **Revenue Support to Capital £12,899k under budget** – resulting from an increased reliance on borrowing to finance the capital programme at the year end.

## Capital Programme

- 12. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 192 schemes managed by around 37 project delivery officers.
- 13. The outturn position of the 2014/15 Regeneration and Economic Development capital programme has been finalised. The revised budget was £83.271m - consisting of £36.554m for the General Fund and £46.717m for the HRA.
- 14. Actual spend for 2014/15 amounts to **£76.078m** – consisting of **£33.252m** General Fund and **£42.826m** for the HRA. This is shown in the following table:

Service	Final Annual Budget 2014/15 £m	Final Outturn	
		Spend £m	% Spend
<b>General Fund</b>			
Economic Development & Housing	19.363	16.784	87%
Planning & Assets	7.638	7.460	98%
Transport & Contracted Services	9.546	9.001	94%
Minor Schemes & Contingency	0.007	0.007	100%
<b>Total General Fund</b>	<b>36.554</b>	<b>33.252</b>	<b>91%</b>
<b>HRA</b>	<b>46.717</b>	<b>42.826</b>	<b>92%</b>
<b>Total General Fund &amp; HRA</b>	<b>83.271</b>	<b>76.078</b>	<b>91%</b>

15. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme. Most of the RED capital programme is covered by a small number of significant projects which have long lead times, where implementation is over more than one financial year, and 2014/15 has seen significant progress made for a number of major schemes.
16. **Appendix 4** provides a narrative on the major RED capital schemes, describing what has been delayed through the programme.

**Recommendations:**

17. The Scrutiny Committee is requested to note the contents of this report.

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**Appendix 1: Implications**

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**Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position for 2014/15.

**Staffing**

None.

**Risk**

None.

**Equality and Diversity / Public Sector Equality Duty**

None.

**Accommodation**

None.

**Crime and disorder**

None.

**Human rights**

None.

**Consultation**

None.

**Procurement**

None.

**Disability Issues**

None.

**Legal Implications**

None.



## Appendix 2: 2014-15 Housing Revenue Account Outturn Position

	<b>2014/15 Budget £000</b>	<b>2014/15 Outturn £000</b>	<b>Variance £000</b>	
<b>Income</b>				
Dwelling Rents	<b>(64,558)</b>	<b>(64,834)</b>	<b>(276)</b>	a
Non Dwelling Rents:	(1,024)	(1,075)	(51)	
Charges for Services and Facilities	(347)	(3,356)	(3,009)	b
<b>Total Income</b>	<b>(65,929)</b>	<b>(69,265)</b>	<b>(3,336)</b>	
<b>Expenditure</b>				
ALMO Management Fee	16,799	16,799	0	
Repairs and Maintenance	4,462	4,629	167	c
Supervision and Management - General	4,061	5,499	1,438	d
Supervision and Management - Special	436	424	(12)	
Rent, Rates, Taxes and Other Charges	410	422	12	
Depreciation and Impairment of Fixed Assets	7,872	7,337	(535)	e
Bad Debt Provision and Debts Written Off	988	423	(565)	f
Debt Management Costs	175	175	0	
<b>Total Expenditure</b>	<b>35,203</b>	<b>35,708</b>	<b>505</b>	
<b>Net Cost of HRA Services per I&amp;E Account</b>	<b>(30,726)</b>	<b>(33,557)</b>	<b>(2,831)</b>	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	386	(16)	
<b>Net Cost of HRA Services</b>	<b>(29,239)</b>	<b>(32,086)</b>	<b>(2,847)</b>	
Interest Payable and Similar Charges	12,627	10,501	(2,126)	g
Direct Revenue Financing (Contribution to Capital)	16,717	3,818	(12,899)	h
Interest and Investment Income	(105)	(112)	(7)	
<b>(Surplus)/Deficit for Year</b>	<b>0</b>	<b>(17,879)</b>	<b>(17,879)</b>	
HRA Reserves	(7,156)	(26,078)	n/a	
Durham City Homes Improvement Plan	(650)	0	n/a	
Welfare Reform Reserve	(393)	0	n/a	
<b>Total Reserves</b>	<b>(8,199)</b>	<b>(26,078)</b>		

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

#### GENERAL FUND (GF)

Scheme	Final Annual Budget 2014/15 £m	Final Outturn	
		Amount £m	% Spend
<b>ECONOMIC DEVELOPMENT &amp; HOUSING</b>			
Barnard Castle Vision	0.596	0.500	84%
Durhamgate	0.364	0.044	12%
Industrial Estates	0.509	0.376	74%
North Dock Seaham	0.016	0.016	100%
Office Accommodation	0.781	0.649	83%
Town Centres	2.441	2.063	85%
Disabled Facilities Grant / FAP	3.718	2.437	66%
Gypsy Roma Travellers	5.197	5.659	109%
Housing Renewal	3.822	3.253	85%
Cricket Club	1.200	1.200	100%
Minor Schemes	0.719	0.587	82%
<b>TOTAL ECONOMIC DEVELOPMENT &amp; HOUSING</b>	<b>19.363</b>	<b>16.784</b>	<b>87%</b>
<b>PLANNING &amp; ASSETS</b>			
Renewable Energy Schemes	0.398	0.380	95%
Structural Capitalised Maintenance	6.645	6.608	99%
Woodham CTC	0.001	0.000	0%
Minor Schemes	0.594	0.472	79%
<b>TOTAL PLANNING &amp; ASSETS</b>	<b>7.638</b>	<b>7.460</b>	<b>98%</b>
<b>TRANSPORT &amp; CONTRACTED SERVICES</b>			
Local Transport Plan	2.934	2.769	94%
Transport Corridors	1.576	1.714	109%
Transport Major Schemes	4.598	4.093	89%
Transit 15	0.190	0.296	156%
CCTV	0.238	0.119	50%
Minor Schemes	0.010	0.010	100%
<b>TOTAL TRANSPORT &amp; CONTRACTED SERVICES</b>	<b>9.546</b>	<b>9.001</b>	<b>94%</b>
<b>STRATEGY AND PROGRAMMES Minor Schemes</b>	<b>0.007</b>	<b>0.007</b>	<b>100%</b>
<b>Total General Fund (GF)</b>	<b>36.554</b>	<b>33.252</b>	<b>91%</b>

#### HOUSING REVENUE ACCOUNT (HRA)

Scheme	Final Annual Budget 2014/15 £m	Final Outturn	
		Amount £m	% Spend
Durham City Homes	11.936	11.753	98%
Dale and Valley Homes	7.358	7.156	97%
East Durham Homes	27.344	23.754	87%
Mortgage Rescue	0.073	0.060	82%
New Build	0.000	0.000	0%
Housing Regeneration (Demolitions)	0.006	0.103	1,716%
<b>Total Housing Revenue Account (HRA)</b>	<b>46.717</b>	<b>42.826</b>	<b>92%</b>

<b>Overall Total GF &amp; HRA</b>	<b>83.271</b>	<b>76.078</b>	<b>91%</b>
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## **Appendix 4: RED CAPITAL PROGRAMME DELIVERY 2014/2015**

### **Barnard Castle Vision - Actual Spend £0.500m**

The Witham has been operational since October 2013 and the defects period ended in October 2014. Some minor issues remain outstanding and will be complete in 2015/2016. A member of the RED team was seconded to The Witham team from June to December 2014. A number of operational improvement projects have been identified for delivery in 2015/16. The Witham won the RTPI North East Project of the year 2014. Heritage Lottery and ERDF funding projects are complete.

The NeST is run and managed by Barnard Castle Vision Community Interest Company. It has continued to support local and regional artists by providing them with exhibition space and has expanded to offer space for local craftspeople to sell their goods.

Heart of Teesdale Landscape Partnership has completed improvements in Flatts Woods; begun work on the Teesdale Way, restored the Jubilee Path in Romaldkirk; improved the setting of Eggleston Abbey with new fencing. The Community Grants Initiative has supported local groups to complete project such as Geology in the Park at Cotherstone, Fleece to Fabric working with young people at YMCA and Romaldkirk Village historical assets. A number of restoration projects have been scoped for the future including work at Bowes Castle.

HOT has provided funding to Groundwork North East to run Health Minds helping individuals with mental health conditions to benefit from the natural environment. The Lifetime Memories project has brought together pupils from Forest-in-Teesdale School with people suffering from dementia at the Manor House Home. They have worked together to record their memories of the area. The premier of the HOT funded film was held in August 2014 and showed Teesdale's landscape through the seasons.

Gentian, the shop share, based in Barnard Castle supported 17 small businesses over its three years of operation. The project closed in December 2014. A new Targeted Business Improvement grant supported 4 local businesses in making improvements to their shop fronts.

### **DurhamGate - Actual Spend £0.044m**

All physical works associated with the DurhamGate Highways Contract are now complete and the highways have been opened to traffic. Construction and design warranties are however still to be secured with the final payment to contractor being linked to warranty provision.

### **Industrial Estates - Actual Spend £0.376m**

#### Consett Business Park - Final Phase:

Final retention payments paid and defects completed in March 2015 with confirmation of BREEAM Excellent environmental rating received for ViewPoint at Consett Business Park. The building which was officially opened

in March 2014 totals some 12,000 sq ft of lettable space and is already at 57% occupancy supporting 47 jobs in seventeen businesses.

#### Industrial Properties Refurbishment Programme:

Final refurbishment works and defects completed at Stella Gill Industrial Estate. New signage completed across all the properties managed by Business Durham, including factory units, Derwentside Business Centre, Tanfield Lea Business Centre and the Durham Dales Centre.

#### Rural Workshop Development Programme:

Dales Centre garden improved extensively and officially re-opened on 7<sup>th</sup> June 2014. Further improvement works also completed to landscaped areas, car park, children's play area and picnic area, all in conjunction with the Council's Clean and Green Team.

#### NETPark - Grow on Space:

Design feasibility studies completed for new grow-on-buildings for science based businesses at NETPark Phase 2, including extensive ground investigations to Plots 2 and 7 in anticipation of the construction of up to 70,000 sq ft of new space that will support up to 140 new jobs in the next two years.

Outline designs also completed for infrastructure to Phase 3 NETPark in support of £7m funding application to NELEP that will see up to 13ha of additional serviced development land. It is anticipated that this will lead to the creation of up to 1,000 new jobs over the next five to ten years with 240,000 sq ft of new buildings at a cost of some £84m.

#### **North Dock, Seaham - Actual Spend £0.016m**

The marina site became fully accessible and open for business in May 2013. Since that time all berths (73 no.) available for let, have been taken, the remaining 4 being retained for visiting boats. As all berths are now let a waiting list of people wishing to moor their boat in the marina is being established. Of the 12 business units, 10 are currently occupied and the remaining two are with legal.

During 2014/2015 the marina was also successful with a funding application that will see an additional £1.7m of investment into this new facility. The funding secured will add pontoons/berths creating in the order of 100 berths overall. It will establish a fully functioning boat repair/storage yard with boat hoist facilities and the creation of a water sports/coastal activity centre. This work will be taken forward over the next two years. The site has proved extremely popular with visitor numbers in excess of 15,000 since opening.

Work also commenced on a heritage lottery application with the aim of fully restoring the Georgian quayside. It is anticipated a Stage 1 HLF application will be submitted later in 2015. A completed feasibility study has provided concept designs and costs and a funding application in the region of £3-£5million is anticipated.

## **Office Accommodation - Actual Spend £0.649m**

Expenditure during the financial year 2014/2015 supported the following projects:

- Green Lane, Spennymoor - Scheme to maximise occupancy on level 0.
- Former Chester-Le-Street Civic Centre - Completion of demolition works.
- Direct Services Meadowfield Depot - Construction of extension to house ICT staff relocated from County Hall.
- County Hall - Refurbishment and conversion of offices vacated by ICT ahead of the relocation of teams from Priory House.
- Priory House - Refurbishment and provision of secure conference facilities ahead of relocation of teams from Hopper House.
- Production of detailed designs and completion of site surveys for the co-location of the CAP and Library in Newton Aycliffe.
- Provision of a new surgery style CAP in Bishop Auckland Town Hall.

## **Town Centres - Actual Spend £2.063m**

The town centres capital programme seeks to support and stimulate private sector investment across the County's main centres.

### Bishop Auckland - Laurel Building:

To support the restoration of this Grade II listed building through a Heritage Lottery Fund Application an architectural lead design team has been appointed to design and cost the restoration of the building for business enterprise space. In partnership with South Durham Enterprise Agency it is anticipated a stage 1 application will be made to the HLF in summer 2015 for an anticipated £4-£5million. The restored building will provide business incubation space, artisan craft facilities as well as saving the severely fire damaged grade II listed building from total loss.

### Peterlee - North East Industrial Estate:

DCC is engaged in a programme of acquisition of land and buildings to enable housing development in the region of 280 houses. The purchase and demolition of 6 Faraday was completed in the summer of 2014. A further 5 Units have been acquired with demolition to proceed on these throughout 2015/2016 and negotiations over acquisition of remaining identified units is underway with respective owners.

### Durham - Back Elvet:

The project has reintroduced an important accessible heritage route to the riverside through reconstruction of the carriageway and improvements to the public realm. Decline of the pavements and streetscape over the years due to unknown ownership has now been rectified following adoption of the street by the Council.

Work has involved reconstruction of 100m of carriageway and paved areas in yorkstone, bituminous macadam and granite materials, installation of heritage lighting, drainage and street furniture. Conservation work to the adjacent listed buildings, walls, railings and gates has also been carried out to enhance the streetscape. The project has allowed a local café business to expand its operation onto the newly paved areas, almost doubling their covers and employing additional staff.

This route is the signed accessible heritage route to the riverbanks and future phases of work are now being designed to enhance the experience and activity of the City's riverside walks.

### Crook - Queen Street Development

Site assembly at Queen Street/Elliott Street progressed with the purchase of numbers 1 to 5 Queen Street and legal progressing to finalise completion on the Baptist Union Building. Asbestos surveys were completed and trees felled on the site between the old TSB building and the Baptist Union Building. Planning was submitted for demolition of all properties. Heads of Terms have been agreed with the end user and progressing to legal stages for completion.

The acquisition will enable the site to be brought forward, and disposed of, as a viable development site for a food retail unit.

### Targeted Business Improvements:

The Scheme is a none repayable grant scheme to support business premises improvements, promote investment & enterprise, and improve the viability of the major centres across our County. The scheme has continued on a rolling programme through 2014/2015 in the centres of Chester-Le-Street; Consett; Seaham & Murton; Shildon; and Stanley with the following outputs:

- 19 New businesses attracted to our centres
- 42.5 FTE new jobs created
- 32 units brought back into use or refurbished
- £0.4 Million private investment into our major centres
- 15 direct referrals to apprenticeship scheme
- 27 businesses supported through the capital scheme
- 45 business assisted/signposted (outside TBI scheme)

### Public Realm:

Completion of installation works of the new street furniture and lighting scheme on Front Street, Stanley and improvements to planters to the South of Front Street.

Consett Victoria Road works were completed during 2014/2015 with all new upgraded paving scheme and street furniture, improving movement between the retail centre and the public transport hub. Designs have been completed and costed for works on Front Street, which will be delivered 2015/2016.

In Shildon we undertook a comprehensive consultation to determine priorities for local business and users of the centre. An immediate action was to have all the stone trough planters removed from the centre to de-clutter and improve accessibility across the retail area. These are now located in the local park and being maintained by the Town Council. Designs have been produced to support further consultation in 2015/2016.

Crook benefitted from public realm improvements at one of its main junctions within the centre, between Commercial Street (A690), and Elliott Street. Improvement to the crossing points was also delivered as an indirect support to the development at Queen Street/Elliott Street links to existing retail business.

Works continued in Seaham delivering improvements linking the marina with other areas across the centre. Railways street works were delivered to support visitor permeability. Buy in from the food retailer, and works delivered in front of their store, ensure a comprehensive scheme was delivered.

In Chester-le-Street a priority is to ensure good accessible links from the railway station to the retail centre. Works during 2014/2015 saw two improvements schemes delivered against this priority one directly linking the station to town centre and further works along Front Street, by DCC Library.

### **Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) - Actual Spend £2.437m**

#### Disabled Facilities Grants:

This is a mandatory grant awarded under the Housing Grants, Construction and Regeneration Act 1996 to eligible applicants who have been assessed by an Occupational Therapist as having an essential need for an adaptation to make the properties safer and applicants more independent in their own homes. The maximum DFG award is £30,000 and each applicant (except where the adaptation is for a child) is subject to a test of resources to determine their financial contribution (if any).

356 DFG's were completed by financial year end and 120 further cases were committed so whilst the 2014/2015 budget wasn't fully expended in year, it was committed.

The Home Improvement Agency (HIA) delivers the DFG programme and in April 2014 the HIA service was brought in-house to ensure MTFP savings across RED and CAS. Although performance dipped during the year it showed a marked improvement by the end of the year.

#### Financial Assistance Policy:

Durham County Council was a key partner in the North East Regional Loans Scheme and working together had procured the Five Lamps organisation to administer the loans across the region.

All participating local authorities paid their FAP funding to the Loans Administrator who managed payments to and from the loan portfolio on behalf of the Council. The Policy provides a range of loan types for property owners who are excluded from mainstream sources of finance. Eligible works can include bringing properties up to the Decent Homes Standard, measures to make the property more energy efficient, relocation loans and measures to help qualifying owner-occupiers and landlords to bring long-term empty properties back into use. Loans can also help to fund adaptation works where the DFG maximum is exceeded or where applicants are unable to afford their assessed contribution.

25 decent homes loans were completed in the year with a further 138 applicants in process.

### **Travellers Sites Refurbishment - Actual Spend £5.659m**

Completion was achieved within the programme timeframe and the following sites were re-opened for the return of residents:-

Adventure Lane, West Rainton - achieved 9<sup>th</sup> June 2014

Tower Road, Stanley - achieved 28<sup>th</sup> July 2014

Drum Lane, Birtley - achieved 27<sup>th</sup> October 2014

Green Lane, Bishop Auckland - achieved 2<sup>nd</sup> February 2015

The refurbishment programme across the 4 sites in total has seen the replacement of 68 pitches, the creation of 8 new pitches and the build of 4 new communal buildings.

### **Housing Renewal - Actual Spend £3.253m**

The Area Based Housing Regeneration Delivery Section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems. Each element plays its part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Area Based Housing Regeneration Delivery Section in 2014/2015 included acquisition and demolition of private sector housing stock, group repair and energy efficiency schemes and environmental improvements.

Schemes include Craghead, Wembley (Easington Colliery), Dawdon, Dean Bank, Ferryhill and West Chilton.

#### Craghead:

28 properties in Ousterley and Holmeside Terrace benefitted from external solid wall energy efficiency measures. Funding is to be levered into the programme via Energy Company Obligation (ECO) funding through Warm up North (British Gas) our delivery partner, this will be received in 2015/2016 on



completion of the remaining 27 properties within the programme following the installation of the final energy efficiency measures.

#### Wembley, Easington Colliery:

Wembley Phase 3 Group repair scheme was completed in February 2014 with 51 properties in James and Hawthorn Streets benefitting from the improvements. The final retention payment was made in 2014/2015.

#### Dawdon, Seaham:

Dawdon Phase 10 Group repair scheme completed in 2014/2015. External improvements have been undertaken to a further 43 properties in Shrewsbury, Maglona, Chaplin, Embleton, Margaret and Stavordale Streets. In total across this programme 99 properties have benefitted from the scheme. The final retention payment will be made in 2015/2016.

#### West Chilton:

The acquisition and demolition of the St Johns Ambulance Hall and a further 3 properties in Dene Terrace were completed in 2014/2015. The remaining programme from 2015-2018 will see the acquisition of a further 3 properties, the demolition of 8 properties, 12 garages and a range of obsolete outbuildings. A proportion of these covering Hunter Terrace will however be subject to a future Compulsory Purchase Order process.

#### Empty Homes Cluster Bid (Environment):

Environmental improvement works have been undertaken within Easington Colliery 'B Streets' and Dean Bank, Ferryhill in order to support the wider return of empty private sector properties back into use through the grants and loans element of the empty homes cluster programme.

#### Empty Homes Cluster Bid (Grants & Loans):

In April 2012 DCC received funding from central government to return 120 empty homes in occupation. The original scope of the project involved DCC purchasing long term empty properties for a maximum of £36,000, with the Registered Providers (RPs) investing up to £15,000 of their own funding in refurbishment of the properties. A percentage of the rental income would then be used to repay the renovation and management costs, and the remaining percentage coming back to DCC as recyclable income.

In 2013 it emerged that the RP's were unable to commit to the scope of the project which meant a radical redesign of the business model to ensure delivery of 120 units by March 2015.

A new approach to returning empty homes was developed to include the offer of financial assistance in the form of:

- interest free repayment loan of up to £15,000 available to private landlords and new owner occupiers

- £5,000 incentive grant available to any new owner occupiers who were purchasing long term empty properties to live in for a period of three years.

Advice and support is provided alongside the financial products to help with selling to potential investors and advertising the properties to rent through Durham Key options.

This approach enabled 160 properties to be returned to use during with the 2014/2015 financial year.

### **Cricket Club – Actual Spend £1.200m**

Repayable contribution to support international cricket and stadium infrastructure.

### **Minor (ED&H) Schemes - Actual Spend £0.587m**

#### Liveability Land & Buildings:

Works to constructs the new Thornley Village Community Centre was substantially completed in 2013/2014 however minor finishing works and snagging etc were required in 2014/2015. The facility was handed over to Thornley Parish Council following Practical Completion of the new build on 25<sup>th</sup> July 2014.

An official opening took place on 29<sup>th</sup> November 2014.

The building includes a multi-use hall that is currently being used to offer new clubs and classes to the community including Karate, Dance, Craft and Play sessions. The centre is also being used for parties, funerals and weddings for private hire.

There is one room for the sole use of the Parish Council who have taken on the responsibility of the management and running of the centre.

The community centre is proving to be a sustainable enterprise and has increased community activity in the village. This supports resident's priority of reducing anti-social behaviour and opportunities for young people by creating space where training and activities can be delivered from.

#### St Johns Square, Seaham (Public Realm):

Physical works commenced on site on Monday 5<sup>th</sup> January 2015. Site clearance works and retaining walls are complete and it is envisaged the car park will be substantively complete early 2015/2016.

The scheme will deliver:

- 96 car parking spaces including 6 disabled bays and 2 electric charging points
- Redevelopment of 1 acre of brownfield land

- Public realm provision connecting the public sector hub, Seaham Primary Care Centre, Seaham Job Centre and Seaham Contact Centre.

## **Renewable Energy Technology - Actual Spend £0.380m**

### Energy Efficiency Fund:

The Energy Efficiency Fund has supported a major project entitled BEER 2 (Building Energy Efficiency Retrofit Phase 2). Building on the success of BEER 1, this scheme has delivered a programme of cost effective energy efficiency improvements in five non-school buildings. The works have focussed primarily on lighting improvements which have excellent payback rates, with some other interventions where these demonstrated cost benefits. The buildings that have benefitted are:

- Freemans Quay Leisure Centre
- Green Lane Offices
- Riverside Leisure Centre
- Shildon Sunnydale Leisure Centre
- Spennymoor Leisure Centre

In addition, during the early part of 2014/2015 a programme of technically led, whole building surveys were undertaken and detailed feasibility studies commissioned targeting the Council's four depots. This identified a customised programme of cost-effective energy efficiency retrofits for each building but external problems meant that the programme did not commence in year although it will be delivered early in 2015/2016.

### Away From G:

A programme of lighting improvements has been delivered in Meadowfield Service Direct and at Spennymoor Education Centre.

"Away from G" has also delivered a number of minor schemes supporting the Big Switch Off programme which has resulted in sustained energy and cost savings of between 5% and 20%. Works can include changes to timers and outside lights, heating and lighting controls, etc.

### Boiler Optimisation:

Boiler Optimisation is a technological fix that can be applied to many commercial scale boilers to prevent them 'dry cycling' (firing up unnecessarily when heat is not required, which is a common problem in these larger boilers). It saves up to 25% of total gas use, reducing energy, carbon and costs and the payback time is generally very short. The 2013/2014 pilot was successful and so the programme was rolled out during 2014/2015 into nine buildings as follows:

- Comeleon House
- Freemans Quay
- Spennymoor Leisure Centre
- Teesdale Leisure Centre

- Chester-le-Street Leisure Centre
- Crook Civic Centre
- Bishop Auckland Town Hall
- Newton Aycliffe Leisure Centre
- Clayport Library

### **Structural Capitalised Maintenance - Actual Spend £6.608m**

This includes the budget areas of Structural and Capitalised Maintenance (to all non-schools assets), DDA, Fire Safety and the School Demolition Programme.

The final outturn figure comprises of over 170 schemes.

Major schemes completed in 2014/2015 included:

#### Capitalised Maintenance schemes:

- Relocation of Wellfield Depot to Hackworth Road Depot including construction of new Salt Barn
- Heating and rewiring of Spennymoor Green Lane Council Offices Phase 2
- Demolition of Hunwick Community Centre
- Concrete repairs; tiling to the swimming pool and water ingress solution at Woodhouse Close Leisure Centre
- Demolition of Crook Former Depot Phase 1
- Water ingress solution and repairs including replacement of rainwater goods to Fowlers Yard Units 1-10
- Boiler plant renewal at Meadowfield Leisure Centre
- Renewal of roof covering of Nursery building at Morrison Busty Depot
- Internal alterations to Bishop Auckland Taylor Road Children's Centre
- Insulation and rendering works to Sedgfield NETPark
- Extension of car parking space at Meadowfield Depot
- Structural works in Durham Registry Office
- Fire stopping works and flooding solution to Tanfield Lea Business Centre
- Windows overhaul and repointing stonewalls at Crook Business Centre
- Reroofing and window replacement works at Tow Law Childrens Unit
- Window replacement to Chester-le-Street Pathways
- Demolition of Children's Home on Brough Close Newton Aycliffe
- External redecoration including repairs to Bishop Auckland Town Hall

#### DDA schemes:

- Access improvement works in Spennymoor Leisure Centre including provision of unisex disabled changing rooms and facility.
- Toilet adaptation in Consett Ebony Woodwork Unit.

#### Fire Safety schemes:

- Fire Alarm and Emergency Lighting installations in Tanfield School; Greenfield School and Durham Sixth Form Centre.

- Emergency lighting installation in High Etherley Children's Home; West Rainton 4 Tollgate Fields Children's Home; Coxhoe Social Services Satellite Home and Wolsingham Primary.
- Fire Safety /precaution works in Teesdale Leisure Centre; Spennymoor Leisure Centre and Lanchester Burnhopeside Group Living Scheme.

School Demolition Programme:

- Demolition of Stanley School of Technology.
- Demolition of Tudhoe Grange Schools on St Charles Road and Durham Road.

**Woodham CTC - Actual Spend £nil**

The acquisition of 1.98 hectares of land at Woodham Community Technology College is on hold pending the outcome of a Playing Pitch Strategy by the Sports Council.

**Minor (P&A) Schemes - Actual Spend £0.472m**

Planning System:

The project involved the consolidation of the former district and county software systems used for managing the Planning and Building Control applications and Land Charges.

The new system went live on 14th February 2014 with considerably enhanced functionality to manage the processes and public accessibility to planning submissions. The system set up, including purchase of computer servers, hardware and software and the migration of data from the existing systems was completed in December 2014.

The project has achieved the following objectives to date;

- Legacy software systems decommissioned in order to become PSN compliant
- All data from former district council systems transferred to a single system, comprising 245,000 planning applications
- Maintenance and licensing costs of the former systems reduced from a total of £170K to £22.5K per annum
- More effective and efficient delivery of services using electronic communication both internally and externally for consultation and customer interaction.
- Significantly increased public accessibility to planning information via the web (99,000 searches of Public Access since 14/2/14)
- Increase in on line planning submissions via the Planning Portal from 25% to 50% since go live.
- Provision for on line BC submissions direct to the service
- Ability to take planning and BC fees online at the point of application submission which was not possible prior to the implementation of the single system
- More consistent workflows and working approaches across the service

- Major reduction in paper-based records and working documents - by retention of all application information electronically within an Electronic Document Management System

In order to achieve the full potential benefits of the consolidated Planning System, a full programme of works is currently in development. The programme will include a project to develop future governance arrangements in order to secure a future structure to manage the continued development of the system, its maintenance and the management of data between the ICT Service, Planning and Building Control and IDOX.

#### Cobblers Hall Surface Water Drainage:

Drainage installation and earthworks to improve the holding pond nature reserve in Cobblers Hall development site, Newton Aycliffe. Drainage works are complete with final reinstatement in early 2015/2016.

#### Mines & Minerals Rights:

Payment negotiated to the Church Commissioners to permit DVR site in Sherburn Hill to be developed.

### **Local Transport Plan - Actual Spend £2.769m**

LTP3 covers a wide range of transport schemes and is split into three areas, Sustainable Travel, Economic/Transport Corridors and Whole-Town Approach.

Sustainable Travel - Focuses on alternative modes of transport to the private car and improving information for transport users.

This has involved bus infrastructure improvements, new and improved walking and cycling routes, road casualty reduction schemes and supporting the Community Transport sector. Improving driver information, developing Urban Traffic Control, electric vehicle infrastructure and rail station improvement works have also taken place. The Local Sustainable Transport Fund programme has been supported with match funding to provide facilities at schools and workplaces being engaged in the projects.

Economic/Transport Corridors - Involves the improvement to the principal road network and major transport routes throughout the county.

Improvements were made to the A693 Pelton/Perkinsville junction and further development work for the Durham Western Relief Road took place. Further works were carried out at the Belmont Business Park Junction scheme, advance ducting at Sheraton Junction as well as advanced works for Newton Park and Merchant Park.

Other Economic/Transport Corridor schemes as part of LTP3 which are funded separately are the more substantial Transit 15 and Sunderland Bridge schemes.

The first stage of works to provide a Cycling Super Route between West Rainton and Carrville was designed and construction was significantly

completed. This involved altering the existing footpath along part, or introducing a new path, to provide an improved, wider, shared use surface. Design work was also carried out for a scheme between Croxdale and Coach and Horses along the A167 which will form part of the Great North Cycleway.

Whole-Town Approach - looks at the twelve main settlements in the county, aiming to improve transport to regenerate the town and attract businesses.

Works this year include: additional cycle parking has been introduced in Durham City along with improvements to Vane Tempest car park in Seaham. Works have also taken place to improve facilities at bus stations in Peterlee, Stanley and Consett.

### **Transport Corridors - Actual Spend £1.714m**

There were two active schemes in 2014/2015:

- A167/A693 Northlands Roundabout Signalisation - for which construction was completed in September 2014
- A167/B6300 Sunderland Bridge Roundabout - ongoing.

The Sunderland Bridge Roundabout scheme had been delayed due to issues acquiring the land, however advanced earthworks were completed late 2014 and the main construction work commenced following the earthworks settling period. Works continue into 2015/2016

### **Transport Major Schemes - Actual Spend £4.093m**

There has been works carried out on a number of major capital transport schemes across the county in 2014/2015.

#### Shildon to Newton Aycliffe Cycleway:

The main two mile multi-user route between these two settlements was completed this year and opened to the public in September 2014. There are additional elements to the scheme to be completed in future years.

#### Horden (Peterlee) Railway Station:

Development of the proposed station continues and has now reached the Network Rail GRIP stages. Work this financial year has involved progressing the outline business case and carrying out ecology surveys.

#### Villa Real:

Advanced Statutory Undertaker works were ordered and where possible carried out. Issues regarding land acquisition and consequently contractor difficulties, delayed commencement of construction works into 2015/2016.

#### Local Pinch Point - Chester-le-Street A167:

The majority of the works to the two roundabouts were carried out this year with the scheme significantly complete, only some final re-surfacing works are required in 2015/2016.

#### Peterlee Bus Station:

Acquisition of the bus station was completed successfully.

#### Schemes in Development: Durham Bus Station / Durham Urban Traffic Control:

Durham Bus Station: Design work has been ongoing for the building design and supporting highway infrastructure, in dialogue with key stakeholder. This is nearing completion and will represent the end of the preliminary design stage.

Work will then be undertaken to inform a Public Exhibition and Planning Application in the autumn of 2015.

Work is also being undertaken to determine the route to acquire the necessary buildings for the development to proceed. Should a CPO route be needed works would be programmed to commence in 2017.

Durham Urban Traffic Control: Preliminary design is now complete for both the Gilesgate and Leases Bowl junctions. Consultation has now commenced with relevant stakeholders and a Public Consultation event was arranged for 21<sup>st</sup> May 2015. This will inform any changes to the preliminary design, before we move into the detailed design stage.

Gilesgate is due to commence in September 2015 (after the Milburngate Bridge works) and be complete early in the new calendar year. Leases Bowl will commence after this and be complete by July 2016. Early consideration is been given to the construction programme, to minimise disruption on the network.

#### **Transit 15 - Actual Spend £0.296m**

Additional real time information displays were purchased in advance of implementing the new real-time system. There were also additional surfacing and road marking works carried out at Croxdale following the previous scheme to introduce a bus lane.

#### **CCTV - Actual Spend £0.119m**

The CCTV network cameras are in the main now linked to a central control room at Chilton via a wireless link. The funding has also facilitated a much improved performance monitoring system for the network and a Project Group is currently being established with the Police to fully integrate a performance framework. This has reduced the revenue budget on the BT costs of the service.

#### **Minor (T&CS) Schemes - Actual Spend £0.010m**

Intercom Purchases - Supported Housing:



Care Connect have replaced approximately 2,000 intercoms in the Durham locality. The intercoms provide a 24/7 link to the control room at Chilton and in some properties the intercoms monitor smoke alarms for vulnerable residents.

The intercoms provide a platform to enable telecare to be installed, as residents' needs change and they require additional support. A number of the intercoms' are also fitted with a portable phone line, these are mainly used to support urgent hospital discharge for residents who do not have a phone line and require the Care Connect service.

### **Minor (SPP) Schemes - Actual Spend £0.007m**

#### Durham Market Place - DLI Memorial:

The Council provided advice and assistance to Durham Rifles Regimental Charity, to facilitate the installation of a new DLI Memorial in Durham Market Place. DCC installed foundations and provide assistance with the installation of the sculpture. The new DLI memorial was unveiled at a well attended ceremony on 14 September 2014. The bronze sculpture, of a 1950's bugler, fits well in its setting in front of the Guildhall and has quickly become a popular feature with residents and visitors.

### **Housing Revenue Account Decent Homes (DCH, DVH, EDH) - Actual Spend £42.663m**

#### Durham City Homes:

In-year Durham City Homes completed 4,252 improvement works. This ensured DCH maintained a 0% non-decency level at the end of the financial year and included the completion of;

- full decency works to 860 properties,
- 657 elemental heating works,
- 557 roofing works,
- 354 capital void improvements,
- 277 elemental rewires,
- 271 elemental kitchen replacements,
- 249 elemental bathroom or additional water closet replacements,
- 249 elemental boundary fencing works,
- 218 disabled adaptations, and
- 92 structural works.

#### Dale & Valley Homes:

In-year Dale & Valley Homes completed 2,692 improvement works. This ensured DVH achieved a 0% non-decency level at year-end and included the completion of;

- full decency works to 482 properties,
- 471 elemental boundary fencing works,
- 433 roofing works,
- 359 disabled adaptations,

- 160 elemental external door replacements,
- 143 elemental rewires,
- 131 elemental heating works,
- 129 elemental kitchen replacements,
- 103 capital void improvements,
- 100 structural works, and
- 95 elemental bathroom or additional water closet replacements.

#### East Durham Homes:

At the end of the year East Durham Homes fell just short of achieving 100% decency and there are currently 42 properties (0.51% of EDH stock) non-decent. Despite this small shortfall, EDH completed full decent homes improvement works to a total of 1,414 properties over the course of the year, exceeding the revised HCA target of completing full improvement works to 1,400 properties and enabling the council to maximise the use of Decent Homes Backlog Funding from the HCA; this was in large due to the highly successful 'Opt Back In' project that was implemented by East Durham Homes that encouraged tenants who had previously opted out of the decent homes programme, to opt back in to programme. The remaining 42 properties will be picked up and made decent through East Durham Homes' capital programme for the 2015/16 year.

Of the 1,414 properties EDH made decent during the year, works included the completion of;

- 1,127 elemental rewires,
- 1,093 elemental kitchen replacements,
- 966 elemental bathroom or additional water closet replacements
- 811 roofing works,
- 715 disabled adaptations,
- 547 elemental heating works,
- 176 structural works,
- 132 elemental window replacements, and
- 91 elemental external door replacements.

#### **DCC Mortgage Rescue Scheme - Actual Spend £0.060m**

Negotiations regarding the acquisition of one property in Usher Moor were successfully completed in July 2014. The authority were able to draw down funding of £32,853 from the HCA towards the purchase thus resulting in budget saving of £12k.

#### **Housing Regeneration (Demolitions) - Actual Spend £0.103m**

##### Wheatley Hill:

The final acquisition of 1 property in Henderson Avenue was completed which allowed the demolition of numbers 3 and 4 Henderson Avenue along with the demolition of 4 properties in Cain Terrace. 65 housing units are now in the process of being constructed across the site.