

**OVERVIEW AND SCRUTINY WORKING GROUP REPORT - IMPACT OF PUBLIC SECTOR FUNDING AND POLICY CHANGES ON THE ECONOMY OF COUNTY DURHAM  
REVIEW OF RECOMMENDATIONS CONSIDERED BY CABINET ON 7 MAY, 2014.  
UPDATE – DECEMBER 2015**

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p><b>1) That Durham County Council and partners continue to monitor the impact of changing policy and funding reductions on the economy of County Durham, identify concerns and opportunities and take these into account as part of the priority development processes.</b></p>	<p>The Regeneration and Economic Development Service Grouping within the Council and County Durham Economic Partnership, through its Board and Working Groups, identify current challenges and in partnership work together to maximise opportunities to support economic growth. There is a continued commitment to addressing need and opportunities, whilst taking account of the available resources and their effective use, to ensure that impact can be delivered.</p> <p>The CDEP is committed to sharing relevant market intelligence, ensuring effective collaboration, influencing all levels of partnership working and maximising the impact of available resources for the benefit of the local economy. Its groups are structured and supported to enable this. The Council and partners commitment to create an Altogether Wealthier county have recognised the long term priority of job creation, with improving the employment rate as its top priority and measure of success. This has been reflected within the refresh of the Sustainable Community Strategy and is a core component to effective investment planning within the RED Service Grouping and within partnership plans.</p> <p>The partnership County Durham Regeneration Statement is currently under review. The vision, ambitions and objectives within the Statement are being considered, however it is that partners will continue to adopt an approach to harness opportunity, utilising the assets and talents of the County to aid sustainable economic growth for the benefit of our residents and businesses.</p> <p>The CDEP and Council continue to work in partnership to analyse the impact of funding and policy changes, with further analysis of the impacts of the Spending Review underway.</p>	<p>RED, DCC  CDEP partners</p>	<p>Ongoing commitment</p>

	<p>Part of the approach is to maximise the opportunities to secure external funding sources to enable delivery and support delivery priorities.</p> <p>Current opportunities are in relation to Local Growth Funding, European Structural Funds and the Devolution Agreement – North East Investment Fund.</p> <p>During 2015/16 (quarters 1 and 2) the Council secured over £25m to deliver projects against its priorities. This included: over £23m Local Growth Funding for Horden Rail Stations, NETPark Infrastructure Phase 3 and Merchant Park 2 Infrastructure, £1.4m Transformation Challenge - Durham Ask and £500,000 for Lumiere. 2015 from the Arts Council.</p> <p>Further funding applications pending decision include DurhamWorks £13.4m European Social Fund (Youth Employment Initiative) resources, ERDF submission in excess of £5m for Business Energy Efficiency Programme (BEEP), NETPARK Explorer and Durham Business Opportunities Programme.</p>		
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<p><b>2) That the Economy and Enterprise Overview and Scrutiny Committee receive as part of the six monthly systematic review of the recommendations contained in the Scrutiny Review report information of developments and key economic issues from the County Durham Economic Partnership Data Management Group.</b></p>	<p>Through the Data Management Group an annual State of the County Report is produced. The latest report was presented to the CDEP Board on November 3 2015. The report and presentation considered performance against the partnerships' five measures of success and key economic messages.</p> <p>The county has suffered deeper and longer impacts as a result of the recession in comparison to the national picture. Whilst, the county is witnessing improvements across the measures of success, there is still a lag, and significant gaps to narrow. There are also areas within the county that have witnessed more acute impacts.</p>	<p>County Durham Economic Partnership</p>	<p>Ongoing</p>

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

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

Whilst, these measures of success targets were set prior to the recession they still remain relevant and we need to continue to understand the state of our economy, recognise and track our performance, clearly articulate our top investment priorities and approaches to deliver economic growth over the longer term.

	<p>The Board agreed that the employment rate remain the priority measure, however these measures are being reviewed through the Regeneration Statement Review.</p> <p>By strengthening our assets and investing in our economic infrastructure, as partners we can release the county's potential for growth. By working closely with partners through the North East Local Enterprise Partnership (NELEP) and the North East Combined Authority, and submitting project proposals for Local Growth Funding and through the development of the North East European Structural and Investment Funding, it is paramount that as partners within County Durham we continue to strive to achieve our longer term ambition and monitor ourselves against our agreed measures of success.</p> <p>Through its Core Working Groups, the CDEP will continue to add value and work in partnership to tackle the economic issues facing the county. Where possible data intelligence and information sharing is maximised to inform decision making processes.</p>		
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<p><b>3) That Durham County Council and partners consider the right balance in pursuing interventions that address need and deprivation within the County and opportunity, ensuring that any concerns influence priority actions.</b></p>	<p>The council and CDEP are committed to this approach. It is important that we take a balanced approach and '<i>do the right things in the right ways</i>' through an informed approach to address both need and opportunity within the county. This is a continual process, within the council through identifying opportunities against need and effectively planning delivery through management and service planning processes.</p> <p>The partnership and the council are committed to stimulating and supporting economic growth within the county. Through job creation initiatives and a careful balance of need/opportunities it is an iterative process to ensure delivery. Through a variety of initiatives the council and partners are taking a multifaceted approach to realise jobs growth whether this is through direct investment of stimulating the market where there is market failure. Initiatives include:</p>	<p>RED, DCC</p>	<p>Ongoing commitment</p>

- Durham City Board with a portfolio of initiatives to exploit the potential opportunities of the city, examining transport links within the city and infrastructure. Continued dialogue with current developers, investors and strategic bodies including; HCA, Carillion, Banks Group, Atom Bank, Durham BID and the FSB to better understand needs and opportunities for the City has continued. Key projects and developments being supported through the Board include Millburngate House, Northern Quarter, Aykley Heads, Mount Oswald, Wharton Park and Elvet Waterside.
- Local Growth Fund investment to open up sites at Merchant Park II, NETPark Infrastructure Phase 3 and Horden Rail Station which will through infrastructure enabling works lead to job creation and improve access to employment opportunities in the medium term. Merchant Park II will lead to the creation of over 3,000.
- Investment in innovation, business growth and managed workspace at NETPark to expand and enhance this technology park.
- Support to business with potential for growth and additional employment
- Access to finance for business and employment growth
- Business creation / self-employment through programmes and initiatives such as Durham Creatives and 'Get the Buzz' campaign supported through the Business Education Board. The Durham Creatives project has continued as a great success story. Since inception in July 2012, key outputs achieved to date include, 500 people engaged, 77 creative businesses started up, 90 jobs created and 45 businesses assisted post-start. Recent evaluation highly commended the approach and continuation resources are currently being resourced. The 'Get the Buzz' now has a brand website and a successful launch of the Get the Buzz week took place with July 2015.
- Development and proposed allocations of employment land in the County Durham plan
- Co-ordinated efforts to market Durham through events, Visit County Durham and Business Durham - to exploit business opportunities from higher visitor numbers

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

The County Durham Business, Enterprise and Skills Working Group continue to consider key issues in line with its strategy and investment development, business growth, and skills and employability. The current Business, Enterprise and Skills Strategy is under review. The County Durham Skills Strategy was agreed in 2014. Recognising the strategic challenge of supporting our businesses the BESWG maximises its collective intelligence to ensure we understand the business need and demand and articulate the opportunities for partnership working.

The BESWG has supported the Federation of Small Business (FSB) to ensure the opportunities through the Social Value Act are utilised. Durham County Council has led the way in examining procurement potential of its services. Notably this has meant the group influencing the DCC Banking Services contract with specific incorporation of social value outcomes within the final contract.

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

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

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

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

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

The Housing Strategy is a guiding strategic framework for the forum and is currently being reviewed. This refresh is currently delayed (due to delays with the County Durham Plan). This strategy will address the right balance of need and opportunity, ensuring we take the right approach to meeting our housing growth ambitions through the development of the County Durham Plan and tackling more housing standards and social issues.

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

	<p>The Forum provides a successful partnership platform for discussion, promotion of opportunities and influencing of a number of housing 'business' areas including <i>Homes &amp; Community Agency programmes and activity</i>. This involves ensuring regular dialogue with the HCA to understand the opportunities available to County Durham but also play into regional and national debates to influence and shape emerging policies, for example the starter homes programme.</p>		
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<p><b>4) That Durham County Council and partners undertake a coordinated approach to maximise opportunities and benefits for County Durham presented through the North East LEP, North East Strategic Economic Plan and the EU funding programme 2014-2020 for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.</b></p>	<p>The CDEP continue to take a multi-faceted approach to stimulating and supporting economic growth opportunities within the county by informing wider strategy development through the North East Combined Authority and NELEP, informing policy development and working in partnership more locally through the Durham Investment Group and its EU workstreams to develop the outline EU Investment Plan for the county. This Plan is due to be updated in early 2016.</p> <p>Partners continue to meet to discuss latest government guidance and feedback, progress with workstream areas of activity, approaches to business engagement and the European Structural Investment Fund Committee. A workstream update report was presented to the CDEP Board in November 2015 to illustrate the breadth of activity that is being considered via partners.</p> <p>The CDEP's Vice Chair is a member of the North East ESIF Sub Committee (subcommittee of the National Growth Board), in recognition of County Durham's Transition Region status and the CDEP's advisory capacity. The Committee's has an important role to endorse the approach and allocation of European Structural and Investment Funds across the NELEP area for the next EU Programme 2014-20.</p> <p>The EU Programme and Funding Report presented to Scrutiny in September 2015, informed Members of the delays and recent development of the ESIF Programme and approach within Durham. A separate update in early 2016 will outline the current position.</p>	CDEP	Ongoing commitment



	<p>Internally processes within the council have been established to ensure managers are kept briefed of the opportunities available through future EU resources and internal project development/approval processes are in place.</p> <p>The council is working with the North East Local Enterprise Partnership and North East Combined Authority to not only inform policy development but support project development and develop Local Growth Fund and devolution proposals as appropriate . In early 2016, Local Growth Fund proposals will be considered for resources in 2016/17 – 19/20.</p>		
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<b>5) That the Economy and Enterprise Overview and Scrutiny Committee as part of the Committee's work programme for 2014/15 continue to receive update reports in relation to the progress of the EU Funding programme 2014-2020.</b>	The CDEP and RED agree to provide timely update reports on the programme of the EU funding programme 2014-2020. The last update reports were received in September 2015.	RED, Strategy, Programmes and Performance	Regular ongoing updates
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<b>6) That a review of this report and progress against recommendations will be undertaken six months after the report is considered by Cabinet.</b>	Update position provided within this report.	RED, Strategy, Programmes and Performance	Six monthly