

Cabinet

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Economic Activity in County Durham

Report of Corporate Management Team

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Purpose of the Report

- 1 To provide Members with an overview of activity to support the economy of County Durham over the last 12-18 months and to seek endorsement of proposed activity for the coming year.

Background

- 2 The Sustainable Community Strategy sets out a clear direction for Council activity with growth within the economy being identified as the number one priority. The County Durham Regeneration Statement underpins the Sustainable Communities Strategy and outlines how the underlying ambition of creating sustainable places where people want to live, work, invest and visit can be achieved. The objectives of the priority theme of 'Altogether Wealthier' are:
 - Thriving Durham City
 - Vibrant and Successful Towns
 - Competitive and Successful People
 - Sustainable Neighbourhoods and Rural Communities
 - A Top Location for Business
- 3 In addition to 'Altogether Wealthier' the service groupings activities contribute towards Altogether Greener, Altogether Better for Children and Young People and Altogether Better Council. In order to deliver against these objectives there has been continued focus on the key themes of:
 - Place based regeneration and growth;
 - Increased employment and training opportunities;
 - Developing County Durham for business attraction and growth;
 - Continued focus on financial and social inclusion.

- 4 This structured approach to our thinking has ensured that whilst the national picture has been particularly challenging, locally, we have remained focused on key areas of activity.
- 5 Over the last 5 or so years there have been major changes to the operating environment for many people working within the field of regeneration. This has included:
 - (a) The Council has made savings of £185.9m since 2011 due to austerity funding reductions from Government. Funding from government has been reduced by around 49%.
 - (b) Through Welfare Reform, the most significant changes to the welfare system in the last 50 years have included the Under Occupancy Charge (a charge for extra bedrooms within social housing), the introduction of Employment Support Allowance (ESA) and sanctions, the benefit cap and the introduction of Universal Credit where applicants are expected to find work or increase their hours of employment. These changes have placed additional pressures on those involved in assisting people looking for work, providing the training required and also ensuring businesses are growing and have the support they need to be able to provide additional employment opportunities for local people. Many of the detailed changes introduced through welfare reform have been detailed in the regular reports to Cabinet on the Anti-Poverty agenda.
 - (c) A substantial reduction in nationally and regionally funded business support and enterprise initiatives. Since 2010 HMG's national business support services have drastically reduced with the sudden ending of the Business Growth Service and Manufacturing Advisory Services contracts in Feb 2016. LEPs have not been able to fill the void.
 - (d) Complete reworking of UKTI international trade and inward investment services which has meant that there has been significant changes in personnel, lowering of budgets and the pipeline of quality new foreign direct investment project successes has dried up. There have been no new UKTI (now Department for International Trade (DIT)) sourced project successes since 2010 into Durham.
 - (e) The banking crisis leading to much reduced finance in recent years to support business growth and physical regeneration.
 - (f) The Government had embarked on a significant overhaul of the skills funding and delivery arrangements. The Adult Education Budget (AEB) primarily utilised to raise basic skill levels of unemployed residents has been introduced as a replacement for the Adult Skills Budget (ASB). This shift sees a tightening of the focus and a loss of flexibility in terms of workplace delivery. Even more significant changes are underway with respect to apprenticeship funding and delivery, with a shift from the delivery of Apprenticeship Frameworks to a new set of employer defined standards and more far reaching changes to the funding of apprenticeships. The

Apprenticeship Levy commences in April 2017 and will introduce a 0.5% charge against companies with payrolls in excess of £3 million. For smaller companies, there will be a requirement in many cases to fund 10% of the training costs in addition to apprentice wage costs.

- (g) Further significant changes are expected as we move forward, particularly related to Brexit. Much activity to support the economy relies heavily on European funding. This is particularly evident at the present time with Durham being identified as a Transition region with access to €157m over the next 6 years to deliver projects focused on social inclusion, employability and innovation. National government has been asked to meet the shortfall in funding that will be evident once Brexit is implemented, but has yet to confirm its position. We will continue to make the best use of existing funds that are already allocated to ensure communities see the benefits of European funding for many years to come, although it is important to recognise that this funding will diminish over the next 2-3 years.

Achievements

- 6 Despite the significant challenges faced, there have been major achievements within County Durham in the last few years which place Durham in a better position moving forward. These achievements span the breadth of activity focused on the economy and are set out within Appendix 2 within the context of the key activity themes. These demonstrate the breadth of activity undertaken and the scale of impact achieved.
- 7 In summary, some of the achievements include supporting the private sector to deliver 9232m2 of office accommodation in Durham City that has safeguarded 1,200 jobs; investment in town centres across county Durham; the establishment of the North East's first local authority led Venture Capital Fund in Finance Durham; the establishment of one of the country's first local authority owned market housing companies in Chapter Homes; the securing of £17m from the European Union's Youth Employment Initiative to support 16-24 year olds into employment and training; and leading the way nationally in the response to welfare reform through the establishment of the triage process in partnership with social housing providers where over 10,000 people have received support in the last few years.

Looking Ahead

- 8 Going forward our approach will be delivered through the Councils continued commitment to improving the economy of County Durham. This will ensure a joined up approach to economic development, transport, housing, skills and financial and social inclusion.
- 9 Work will continue on developing the County Durham Plan which will shape the county up to the year 2033, guiding the amount of new

development needed for housing, potential job creation and future retail spaces as well as what infrastructure is needed to support these, such as transport, schools and green spaces. Work is currently paused to integrate the details of the Housing White Paper recently published.

- 10 We will continue to seek funding for major transport projects which help reduce congestion and facilitate development including:
 - Improvements to the A182 junction at Hawthorn to improve access to the Enterprise Zone.
 - Improvements to the A178/A19 Sheraton Interchange to overcome issues associated with traffic growth.
 - Improvements to Junction 61 on the A1(M) in association with the consented development of Integra 61.
 - Improvements to Junction 62 on the A1(M) to facilitate further traffic growth in and around Durham City.
 - Introduce a new section of link road and associated traffic signals at Dragonville Durham City to combat existing congestion issues and facilitate future growth.
 - Continue to consider further major infrastructure to tackle issues of congestion and air pollution in Durham City including the Durham Northern and Western Relief Roads.

- 11 A number of projects aimed at supporting businesses in County Durham to grow thereby supporting the economy will be progressed:
 - Finance Durham to be operational and begin making investments in 2017.
 - At NETPark key developments are underway and the Explorer and CPI's National Formulation Centre buildings will complete by the end of 2017; Phase 3 expansion infrastructure will be underway by summer 2017.
 - The Smart County project will have implemented the first commercial project to help address the causes and consequences of social isolation in County Durham.
 - The team in Business Durham will maintain a strong focus on inward Investment.
 - Durham Business Opportunities Program will begin delivering to help SMEs to grow by securing new business opportunities identified by the delivery team.
 - Marketing of the Hawthorn Enterprise Zone site with its new development partner Highbridge plc will be commencing and hopefully enquires being progressed.
 - NESSA North East space and satellite applications for a smarter world program led on behalf of the NE by Business Durham at NETPark will be underway.

- 12 This is Durham – Place of Light, the new place brand for the county was soft launched during Lumiere 2015 and was followed by a regional

celebration in November 2016 at Durham Cathedral. The aim of the brand is to change the perceptions of the County nationally with the main audiences required for economic success. In 2017 the brand was launched in London at the House of Commons and a programme of high profile national marketing will continue throughout the year, positioning Durham as a great place to live, work, study, invest and visit.

- 13 The proposed bus station project in North Road will move forward to deliver a new bus station, an improved public realm as well as facilitating a significant new mixed use redevelopment site in the city centre.
- 14 Detailed proposals setting out how the strategic employment site at Aykley Heads will be delivered are due to be established over the next year. The overall plan will have the potential of delivering 6,000 high quality jobs once the relocation of County Hall has completed.
- 15 The former Council office buildings and adjacent offices in Millennium Square have been marketed for a hotel redevelopment with ancillary uses. Determining the preferred bidder will be completed in 2017 with work ongoing to establish a complimentary urban landscape design to improve the aesthetics of the environment and increase dwell time in the square.
- 16 The Council will establish a Regeneration Partnership Board to provide strategic guidance over the regeneration programme that is taking place in Bishop Auckland. This Board will include key regeneration partners in the town and the Bishop of Durham has agreed to take on the central role of chair. We will also continue to work in partnership with both Auckland Castle Trust and Eleven Arches and support their programme of activity as it is brought forward. In the town centre, we will provide additional car parking to provide further capacity for the expected visitors to Auckland Castle and its range of visitor attractions e.g. Castle, Walled Garden, Spanish Art and Mining Art Museums. We will also continue to support the businesses in the town centre with the Targeted Business Improvement programme.
- 17 Work has also commenced in Seaham to market the area around the Golden Lion public house and former coop building with the owners. Targeted business improvements continue to be made available and further investment in Church Street and North Terrace is already in the pipeline with the Council having received interest for development on the vacant plot at North Terrace. The Seaham Colliery site is due to be submitted for planning in 2017/18 with the delivery of over 500 homes.
- 18 Seaham Harbour Marina will establish its activity centre and pursue other funding opportunities to further establish the town's presence within the region as a day visitor destination.
- 19 New housing developments are in the pipeline in partnership with the Homes and Communities Agency at Seaham Colliery site and North East

Industrial Estate at Peterlee. The schemes are significant in volume and will take ten years to complete. In addition, Chapter Homes second site is being prepared; overall these sites will deliver well in excess of 1000 homes for people to live in County Durham.

- 20 Durham Villages Regeneration Company, the Joint Venture with Keepmoat Homes has identified a forward development programme of almost 650 homes across County Durham by 2020, not only improving the housing supply but also offering construction apprenticeship opportunities for young people.
- 21 Within the Financial Inclusion action plan a number of key actions will be implemented, including a continued focus on developing self-sustaining Credit Unions by increasing membership to 20,000 residents by 2020.
- 22 Building on the experience of developing the skills and employability solutions for local residents and businesses, Durham Employment and Skills will continue to develop the services it provides, maximising the use of European Funding up to 2020 and expanding its delivery of apprenticeship and short course training opportunities to support the upskilling of the workforce across County Durham.
- 23 The programme of town centre improvements at Stanley, Consett and Peterlee Town Centres will continue in line with the agreed masterplans, focussing on strengthening links to development sites and continuing the focus on enhancing key blocks of property. In Spennymoor and Peterlee implementing programmes of physical improvements in line with the emerging retail developments will be a key focus.

Evidence of Success

- 24 Overall, in terms of evidence of impact and success:
 - Since 2008, the population of County Durham has grown from 505,600 to 519,700 people in 2015 (ONS mid-year population estimates). Between 2001 and 2015, the number of working age people in County Durham (16-64 year olds) increased by 3.1%.
 - In 2015, the County Durham economy was valued at over £8 billion. Gross Value Added¹ (GVA) grew by 2.1% between 2014 and 2015 to £8,042 million. This is less than the rate of growth in the North East (+3%) and UK overall (+2.9%) and supports the focus on higher quality skills and jobs moving forward.
 - Latest estimates² show there are 200,000 jobs in County Durham in 2015, an increase of 4.7% since 2014. This increase is larger than

¹ Gross Value Added (GVA) is the amount of money generated by economic activity in an area and is a key indicator in the state of the local workplace economy. Specifically it measures the contribution to the economy of each individual producer, industry or sector. The UK as a whole generated almost £1.7 trillion of GVA in 2015, data available from www.ons.gov.uk

² Total jobs estimates produced by ONS as part of Jobs Density estimates, available from www.nomisweb.co.uk

the equivalent growth for the North East (+3.6%) and Great Britain (2.3%). It is also encouraging that most of this growth is in full-time employee jobs, which increased 6.3% to 118,000 jobs. Part-time employee jobs in the county grew by 1.9% to 55,000.

- The government's welfare changes are affecting people in the county; although it is difficult to distinguish between changes resulting from welfare reforms and the continuing impact of wider economic trends associated with recession and recovery, all of which affect the underlying issues of poverty and wealth. However, it is clear that the local economy has improved with estimates from ONS³ showing that 15,000 people are unemployed in County Durham, equivalent to 6% of the economically active population. This is the lowest level for eight years since the start of the recession, lower than the north-east average (6.8%) but higher than the national average (4.9%).
- Overall, the employment rate has been improving steadily in County Durham but remains below national levels. Latest data from October 2015 to September 2016, shows just over two-thirds of the working age population are in employment in County Durham (69.5 percent) compared to just under three-quarters nationally (73.7 percent). While the employment gap remains relatively large compared to pre-recession levels it should be noted that the county's latest employment rate is the highest since the recession started.
- The employment rate of younger people (16-24) has maintained its recent improvement to be around the national average after recovering from a post-recession slump. The employment rate of older people (50-64) remains significantly below national levels and is therefore an area of focus going forward. There are also early indications that female employment levels are improving.
- Gross disposable household income per head in the county has increased since 2012 at a faster rate than the national average, but at £15,040 (2014) is still below the North East average (£15,198) and is £2,925 less than the national average of £17,965. This data supports the focus on increasing skill levels and delivering higher skilled jobs wherever possible due to higher earnings potential.
- The number of people claiming the main out-of-work benefits in the county has fallen since it peaked in 2009 because of the recession with in excess of 56,000 claimants resident in the county. Numbers have steadily declined since and are now lower than at any other time in the last 17 years at 40,710 claimants. The fall is mostly due to reductions in the number of people claiming sickness related benefits such as ESA/IB and unemployment related benefits such as JSA/UC.

³ Office for National Statistics (ONS), modelled estimates of unemployment from the ONS Annual Population Survey, available from www.nomisweb.co.uk

Conclusion

- 25 This report has sought to set out the significant range of activity that has been undertaken to support the economy of County Durham in recent years. This has been delivered through key areas of activity aimed at supporting place based regeneration and growth; increased employment and training opportunities; developing County Durham for business attraction and growth; and a continued focus on financial and social inclusion.
- 26 This has been undertaken at a time of major change in the operating environment of local government with the most significant reductions in public spending ever undertaken by a national government. To have achieved the results set out in paragraph 24 is considerable and a major step forward in delivering an altogether wealthier County Durham.

Recommendations

- 27 Cabinet is recommended to:
- (a) note the positive achievements of the last 12-18 months;
 - (b) endorse the activity proposed for 2017.

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Appendix 1: Implications

Finance – There are no new financial issues identified by this report.

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

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 – There are no legal implications arising from the report

Appendix 2:

Achievements to date within Economic Activity in County Durham

As set out within paragraph 3 of the main report, work has been delivered within four key themes:

- Place based regeneration and growth;
- Increased employment and training opportunities;
- Developing County Durham for business attraction and growth;
- Continued focus on financial and social inclusion.

The following sections set out the detail of the activity within the content of these key themes.

Place based regeneration and growth

- 1 Place based regeneration and growth is a key area of activity which looks at the physical fabric of County Durham and seeks to create places where people choose to live, to work, to invest and to visit. A wide range of activity has been undertaken.
- 2 Within Durham City, DCC helped to enable the private sector redevelopment of the former Ice Rink site by committing to the head lease for the new buildings. Now known as Freeman's Reach the new office development provides 9323m² of office accommodation for HM Passport Office as well as National Savings and Investments. The development has brought a major investor into the city and safeguarded 1,200 jobs, along with a supporting workforce of around 300 people employed by the developers, contractors and sub-contractors. The development also improves access to the riverside and is complemented by a new riverside restaurant which it is hoped will open in the near future.
- 3 The procurement exercise to secure the developer for the Ice Rink site also included an option to acquire Millburngate House. This option was subsequently exercised and following pro-active engagement with the Council, the developer received planning consent for a significant mixed-use development on the site. Demolition commenced in late 2016 on this key site on Durham City's waterfront which along with the adjacent re development of The Gates, will open up and transform the riverside in this part of the city. It will also provide improved access to the East Coast mainline rail station.
- 4 Works are currently underway to improve linkages to Durham Train Station. These works, which are due to be completed in May 2017 will see the existing path to the west of Framwellgate Peth widened and a new at grade cycle link provided to the east of the Peth linking the northbound platform to Aykley Heads. The project will also provide a new series of steps that will significantly reduce the walking distance from

the northbound platform to the eastern section of the Milburngate development.

- 5 The Strategic Employment Site at Aykley Heads is allocated within the County Durham Plan and work continues to develop a masterplan that will lead aspirations in the north of England in terms of quality of office environment. The opportunity to enable approximately 6000 private sector jobs to be brought forward is a major one that the Council is committed to delivering.
- 6 Old Shire Hall commenced on site in autumn 2016 to deliver a boutique hotel and restaurant in the Old Elvet area of Durham City, creating over 50 jobs.
- 7 Durham University is a major asset to the city, shaping the built environment, contributing to the cultural offer, developing highly skilled individuals as well being a major employer and a purchaser of local goods and services. The University also facilitates business and industrial research. The University's Residential Accommodation Strategy (2012) set out its ambition to increase student numbers in the city up to 2020. Since the publication of that strategy, a new Vice-Chancellor has been appointed. A Masterplan in support of a New Academic Strategy is being developed to identify capacity for change and additional development for the period 2016-2026 and beyond. As the detailed proposals and timescales become clearer, the Council will need to consider its response and this will be set out in the next version of the County Durham Plan. The strategy currently identifies investment of approximately £400m and up to 450 new jobs to be created.
- 8 Within Durham city the Council launched a Targeted Business Improvement Scheme on North Road in 2016 and is already working with 4 businesses to help them improve the frontages of their premises and some internal works which should contribute to an improvement in the retail environment that residents and visitors have stated they would like to see in this part of the city.
- 9 Public realm works were carried out to Jailors Yard, making the area a much more pleasant place to be and also helped to develop a new business within the project. A further phase is planned which will look to carry out similar public realm improvements to Boathouse Yard. Works have been carried out to improve lighting to the St Nicholas Vennel and we are looking to make improvements to the lighting on Old Elvet in line with the works planned for the bridge in 2017. Significant improvements to the WC facilities on Palace Green have also been completed which should assist visitors to the World Heritage Site.
- 10 Overall, new development proposals currently being delivered in Durham city will provide a range of new retail, leisure, commercial, residential and public realm opportunities that will create over 3,500 jobs and have

safeguarded over 1,200. The projects include Freemans Reach, The Gates, Millburngate House and the redevelopment of North Road.

- 11 Operationally within the city centre, DCC is a key partner of Durham BID established in 2012. The BID has delivered various positive initiatives and activities since it came into effect, but particularly with DCC support, additional events, new electronic totems and support to retailers, loyalty cards, enhanced marketing of the city, extended Thursday shop opening hours and promotion of the In Durham brand amongst other things. These initiatives have contributed to an increase in footfall in the city centre, reversing national trends.
- 12 Durham City Best Bar None (BBN) scheme continues to boost trade and reduce crime (87% since its inception in 2008). Durham's BBN is recognised nationally, having been awarded the Most Innovative in the UK in the past and within the last month awarded the Best Overall Scheme in the National Best Bar None Awards, presented at the House of Lords at the end of January. The Home Secretary quoted in 2016 the Durham City scheme as an exemplar of good practice for other schemes around the country to follow.
- 13 So not only is there significant development taking place in the city offering economic growth, major employment opportunities and new facilities, but we also have a safe and well managed city centre where the partners work well together to ensure continued improvement and growth for the economic benefit of the county and region.
- 14 Since 2010, DCC has spent about £9.94m on our town centres; this includes public realm schemes, improved parking opportunities and support for retail businesses through the Targeted Business Improvement Scheme which in itself supported over 138 businesses since 2012 and created 228.5 FTE jobs and created 43 new businesses.
- 15 We have secured £13 million funding from the Local Enterprise Partnership and have commenced work to prepare the 52 hectare Forrest Park site in Newton Aycliffe. This site will expand and further develop Aycliffe Business Park - which lies adjacent to the Hitachi Rail site - already the largest business park in the region. The enabling works, due to be completed by the end of autumn 2017, will see construction of a new, signalised junction on the A167 which will provide better access to both the new site and Aycliffe Business Park, and an internal link road and a power substation. The improvements are designed to remove existing barriers to the continued success and further expansion of Aycliffe Business Park. By doing so it is hoped that it will unlock a potential investment of nearly £140 million from the private sector to develop the site including, due to its location, a possible rail freight interchange. It is estimated the site could see the creation of 3,200 jobs and deliver a Gross Value Added (GVA) of £495 million over the next twenty years.

- 16 DCC has also secured over £20m of investment to build two new buildings at NETPark (over 70,000 sq ft in total) and open up the third phase of development, doubling the size of the science park. At the same time, NETPark, through its partnership with the Centre for Process Innovation (CPI), has secured three new national technology centres since 2014, bringing the total number of national technology centres located in Durham to four. We believe that this number makes NETPark unique in the UK and the Centres create a pipeline of tenants for the future.
- 17 Some examples of specific schemes delivered in town centres within 2015/16 are listed below:
- Shildon Town Centre Improvements - introduced LED lights that link with the Street Lighting Energy Reduction Project, removed pedestrian guard rails on Church Street to enable and improve pedestrian access to businesses along Church Street and improved pedestrian/cycle links from Locomotion to the town centre. Works were also completed to improve the town square in time to host a celebration for the arrival of the Flying Scotsman to Locomotion which saw over 45,000 visitors over a 9 day period.
 - Crook Public Realm Improvements – paving and barrier works were undertaken to improve pedestrian movement at a major junction within the town centre, creating clearer links from the two proposed food retail developments at the east of the centre to existing businesses and the market place.
 - Crook – The acquisition of properties at Croft Street and site clearance is enabling development by a major food retailer and return income on the sale of the land.
 - Barnard Castle - In partnership with the board of trustees, the Council has restored the Witham Hall and delivered a new Council Customer Access Point & library in the town. This project has received a number of regional awards for its building conservation. Furthermore, the Heart of Teesdale Landscape Partnership successfully completed its 5-year delivery programme in October 2016. This partnership, which was principally funded by HLF, has spent approximately £2.7million and has delivered over 75 projects in Barnard Castle and the surrounding area. Over 23,000 people participated in the programme.
 - Stanley – work continues to the main retail area along Front Street, improving access to the Council's co-location of services at the Louisa Centre. Paving, street furniture and signage ensure clearer links to the transport hub and proposed development sites at both the north and south of the town centre.

- Seaham Town Centre – works to improve the entrance to the rail station have been completed including creating improved parking, relocation of bus stops and improved public realm linking the boulevard walkway to the town centre and marina. Support has been provided to the former Harbour View Hotel development, which has recently been demolished with a planning application for development submitted.
- 18 Since opening in May 2013 Seaham Harbour Marina has won over a dozen built environment awards including many at a regional and national level. The Community Interest Company that runs the marina (of which DCC is a 50% partner) has now extended the number of berths on site to 96, the boatyard and facilities including a hoist are currently being implemented. The waterside building is fully occupied and there are 12 businesses and organisations located on site. Overall, the marina has achieved the following to date:
- Supported over 30 new businesses
 - Created over 60 jobs
 - Supported 7 social enterprises
 - Established 10 apprenticeships
 - Seen in excess of 150,000 visitors per annum
- 19 Work has commenced on the Seaham Harbour Marina Water Sports & Activity Centre. This £1m development is scheduled for completion in Spring 2017 and will provide access to a range of leisure and recreational activities and opportunities. This new facility will also provide educational programmes and act as a hub for sport and recreation along the Durham Heritage Coast. The activities so far have engaged over 380 individuals in sports participation, prior to the centre itself actually opening.
- 20 In Bishop Auckland, the Council is working closely with Auckland Castle Trust (ACT) to help establish their new visitor attractions at Auckland Castle and their other projects in the town centre. The Council, in partnership with the Trust, successfully made a funding bid for £2.1million to the North East LEP to undertake enabling works in Bishop Auckland Market Place. These works completed early in 2017 and will facilitate the development of the new Welcome Building by ACT during 2017.
- 21 The Council has also worked closely with Eleven Arches over the establishment of Kynren, an epic tale of England. Kynren received over 100,000 visitors to its first 15 performances in 2016 and plans 17 shows during 2017 with an additional 500 volunteers being involved.
- 22 A significant number of transport and infrastructure projects have now been completed aimed at either reducing congestion or improving access to developable areas. These projects include:
- The realignment of the road at Villa Real and the removal of a redundant railway bridge. The project will improve flow of traffic,

making life easier for motorists and supporting local businesses by improving access to shops and housing.

- Sunderland Bridge. The introduction of a roundabout at this congested location aimed to reduce delays and improve safety. However, the scheme will also make it easier to access the nearby Meadowfield Industrial Estate and encourage more businesses to locate there.
- A1 (M) Junction 63, this project has delivered significant improvement in terms of congestion removing a potential barrier to development.
- Northlands Roundabout, the signalisation of this busy junction has delivered significant congestion benefits as well as improving facilities for pedestrians and cyclists.
- Works have been completed through the Scoot project to signalise Leazes Bowl and Gilesgate Roundabouts in Durham City. The signals will be linked to others in the city and computer controlled and this will make journeys easier for everyone travelling to or via Durham City, improve the reliability of public transport services and have a positive impact on air quality for local residents.

- 23 Chapter Homes was established in 2015 by Durham County Council to provide quality market housing for sale and to rent. Durham is one of the first local authorities in the country to have set up a market housing company which appears to be delivering house types that are attractive to purchasers.
- 24 The company commenced work on its pilot scheme at Newton Aycliffe which will provide in the region of 125 new homes. This is generating an economic impact of around £12.5 million. Eden Field in Newton Aycliffe commenced on site in January 2016 and has been extremely popular with sales and reservation rates achieved to date being higher than anticipated projections demonstrating a product that is meeting market demand.
- 25 A pipeline of schemes is being progressed which will see additional development opportunities; both on council and private sector land moving forward.
- 26 The Council successfully transferred its social housing stock to County Durham Housing Group in April 2015 with support from 82% of tenants. The transfer paved the way for over 700 homes to be built within the first 7 years and to support this process the Council transferred 23 sites for house-building along with the option for CDHG to buy a further six sites. Overall, plans for more than £800m of investment within 30 years were enabled by the stock transfer process which was also one of the fastest and most complicated stock transfers delivered in the UK.
- 27 In the north of the County, the Council opened the new Academy and Leisure Centre in Consett in 2015. The £44m Consett regeneration project included state of the art swimming and leisure facilities, a new

school building for 1700 students, the relocation of Consett Amateur Football Club to a new purpose-built ground, investment in facilities at Consett Rugby Football Club and work to protect and enhance the town's war memorial.

- 28 DCC invested £1.8m into the Louisa Centre in Stanley to deliver a new library, improved leisure facilities and improvement customer access facilities within 2015.
- 29 Within Newton Aycliffe, the Council worked closely with Freshwater to support their £5.5m investment in the town centre which has seen demolition of outdated facilities, construction of new retail facilities and extensive new public realm. The Council has spent almost £2m to improve the leisure centre facilities, including a new library and ensure integration with the private sector investment.
- 30 Newton Aycliffe Business Park Community has now formalised itself as a Ltd company with a strengthened board. It routinely engages with over 100 businesses in Newton Aycliffe and has helped to improve the quality of the business park landscape, raise its profile and support increased trading between the resident businesses. This group has encouraged similar groups to start in Peterlee (now covering Seaham), Drum and Derwenstide.

Increased employment and training opportunities

- 31 Activity to support increased opportunities in employment and training are aimed at ensuring residents of County Durham are well placed to take full advantage of economic growth. This is seen through increased employment and training opportunities which meet the aspirations of residents as well as the needs of the businesses of County Durham.
- 32 Since 2011, the County Durham Apprenticeship Scheme has assisted more than 1050 young people between the ages of 16 and 24 to access apprenticeship opportunities with small businesses across County Durham. The numbers of young people sustaining the apprenticeship and progressing into employment are high and the additional support provided through the Council's employability team is thought to be key to this.
- 33 The Council secured over £17m of funding from the European Union's Youth Employment Initiative. The funding enables the two-and-a-half-year project, DurhamWorks, to develop skills and increase opportunities for 16 to 24 year olds living in the County who are not in education, employment or training. This will be achieved through intensive and long-term support, innovative and engaging activities to explore motivation, develop work-related skills and work experience and increased employment opportunities. DurhamWorks will support almost 6,000 young people and is led by the Council in partnership with 16 external delivery partners.

- 34 Continuing a long standing role of supporting unemployed residents into work, the Council has delivered through its training arm Durham Employment and Skills (DES) the Work Programme contract to residents in Consett, Stanley, Chester Le Street and Crook. Since its start over 1100 long term unemployed residents have been helped into work with over 75% of those entering work remaining in work.
- 35 Recognising the importance of the visitor economy to the County, Durham Employment and Skills have delivered the internationally recognised 'World Host' customer service qualification to over 200 residents including a large number of the volunteers for the 2016 Kynren production.
- 36 The Future Business Magnates (FBM) school's competition has continued to engage over 200 young people per annum from over 20 County Durham secondary schools. FBM is a year-long program partnering a school with a local business and enables young people to develop a business concept helping them to develop enterprise skills. Operated by Business Durham, FBM now includes schools from Gateshead and Darlington and has developed a sister project called FBM plus aimed at Further Education students.
- 37 Developing the work force of the future and inspiring young people and children to engage in Science, Technology, Engineering and Maths (STEM) and enterprise is essential to the future prosperity of County Durham. Business Durham has engaged with over 6,600 young people over the last five years from primary schools to students in addition to the FBM engagement. A range of events has been held involving visits from NASA astronauts, events linked to the international year of light, business start-up weekends, international scientists and speakers, and a range of teacher CPD days to support these themes. In 2017 Durham will host the inaugural International Festival of Enterprise delivered by the Council with Durham University.

Business Attraction and Growth

- 38 In order to develop the economy of Durham, ensuring the County is an attractive location for businesses to locate, to operate and to grow is fundamental to our success.
- 39 Cabinet agreed to proceed with Finance Durham, the North East's first local authority led Venture Capital Fund (VCF). Finance Durham is a demonstration of DCC's innovative approach to supporting business and has generated significant interest from the private sector both within the county but also across the UK. By creating this £20million VCF it is expected that over 70 businesses will receive investment enabling them to grow, creating and safeguarding about 2,000 jobs. In addition, the fund is modelled to generate approximately £6million of profit over the next 10 years for DCC. The fund will go live in April 2017 following a

procurement exercise which is currently being undertaken to appoint a fund manager.

- 40 Providing property for businesses across County Durham is another area where DCC has contributed to the business support agenda. DCC is landlord to nearly 300 businesses across its commercial property portfolio. Over the last three-years occupancy has increased from 74% to 87% with NETPark and the 150 industrial units being over 98% full at the end of 2016.
- 41 As a result of this improved commercial performance Business Durham has been able to significantly reduce the amount of money DCC needs to fund DCC's wider business engagement activities and has initiated a number of new projects which is in contrast to the position of many other NE Local Authorities, for example:
- (a) Durham Business Opportunities Program
 - (b) Durham led NE Space Applications consortium
 - (c) Durham 2sday business networking event
 - (d) Smart County initiative
 - (e) Manufacturing and Engineering Task Force – engagement with 900 businesses to understand their needs.
 - (f) Establishment of three thriving business park communities at Newton Aycliffe, Drum and Peterlee.
- 42 DCC purchased Salvus House in 2016 to add to the provision of office space in Durham thereby helping to accelerate the development of Aykley Heads as a location for job creation. Salvus House will also be the home of the new business incubator to be delivered in partnership with Durham University and New College Durham in 2017.
- 43 In total there have been 24 new inward investments since 2014 creating nearly 5,000 jobs. There have been numerous high profile inward investment successes over the last few years:
- (a) Hitachi Rail Europe opened its Newton Aycliffe facility. Without the proactive, can do support from DCC this project would not have happened and the site is on track to employ over 900 staff by Easter 2017. About a dozen local businesses have secured supply chain business and Hitachi are one of the founding partners of the North East's first University Technical College.
 - (b) Bristol Laboratories located a new generic medicines manufacturing business in Peterlee in 2013/2014 creating 347 jobs.
 - (c) Atom Bank chose Aykley Heads to set up its new operation in 2015/2016 creating 340 jobs and is the UK's newest and only digital mobile bank.
 - (d) Dunlop BTL created 60 jobs in Consett relocating its operations from Folkestone in Kent in 2015/16.
 - (e) RESQ expanded its operations from Hull into Seaham in 2016/2017 creating 1,200 call centre jobs.

- 44 The ground-breaking project Durham Smart County launched in the summer 2016 and brings together business and health organisations in order to tackle healthcare causes and the consequences of social isolation. For this project, the Council joins forces with local health organisations, the voluntary sector, the universities and private companies to identify specific health issues. Companies that come up with innovative products and services for the issues are then supported by the project.
- 45 We actively support the Small Business Saturday campaign and in 2015 and 2016 the Council run car parks and on street parking were free after three throughout December and after 10am on Small Business Saturday.
- 46 Business Durham has provided advice and support to 3,998 businesses (mainly SMEs) since 2014. One particular example was the Durham Creatives program which between September 2012 and 2015 supported the establishment of 80 new creative businesses in the county and supported 40 new businesses within their first twelve months of trading.
- 47 In the summer of 2016, Durham experienced a spectacular cultural programme which is set to provide a multi-million-pound boost to tourism and the local economy. This builds on the increase of 3% seen in 2015 on 2014 in relation to visitor numbers. Overall visitor expenditure stands at £777.5m in the County and supports 10,961 jobs. Two new major attractions were opened in 2016 – Kynren, An Epic Tale of England in Bishop Auckland and Open Treasure at Durham Cathedral. Events with national appeal continue to drive visitors to Durham, building on the success of recent events such as Lumiere, Magna Carta, Open Treasures and the Lindisfarne Gospels.
- 48 Results from Visit County Durham’s three-year national marketing campaign to showcase Durham’s vibrant tourism offer – the great outdoors, amazing heritage and delicious food and drink - which was supported by the Regional Growth Fund, reached over 14m consumers and created £30m in additional tourism spend through activities such as national newspaper supplements, poster advertising across the London Underground and digital billboards at London Kings Cross and Edinburgh Waverley.
- 49 Visit County Durham provides guidance, advice and support to approximately 750 tourism businesses annually to raise the profile of the county nationally and internationally, and to work in partnership to grow the value and volume of the visitor economy. Visit County Durham also provides a comprehensive package of support and marketing to ensure the county’s visitor offer continues to grow.

Continued focus on financial and social inclusion

- 50 Maintaining a sharp focus on the issues of social and financial inclusion ensures that those people who need our support the most are able to access services and receive support to improve the quality of their lives.
- 51 Following announcements from Government about welfare reform changes, DCC led the way nationally in analysing the potential impacts of the changes and then ensuring through our work establishing the triage process with Registered Providers of social housing in County Durham that those people most affected by the spare room subsidy were able to receive targeted advice and support. This has ensured support to approximately 10,000 households since April 2013, a number of referrals were made to partner agencies and over 1500 outcomes have been achieved including helping people back into work, to move to more affordable accommodation or to reduce their debts.
- 52 More than 500 residents most affected by welfare reform have been assisted to date into employment through the Council's targeted support.
- 53 Further welfare reform changes have subsequently been announced and through triage and our partnership approach, we have worked over the last 12-18 months to ensure we understand the potential impact of the further changes, share best practice and coordinate a joined up approach in response. For example we have worked closely with Revenue and Benefits to review the Discretionary Housing Policy to ensure it is awarded to those most in need whilst aiming to achieve a positive outcome. We have worked closely with our partners to review the Durham Key Options Lettings Policy in light of further welfare changes aiming to avoid placing households into further financial hardship.
- 54 The team involved with the Family Intervention Project (FIP) work with families facing major challenges to tackle anti-social behaviour (ASB), youth crime, inter-generational disadvantage and worklessness and to prevent homelessness. They take an intensive and persistent multi-agency approach to supporting families, including single households, to overcome their problems. In Durham the FIP is jointly funded between DCC and four Registered Providers of social housing, demonstrating the strong partnership approach. The work of the FIP with families who have complex needs has been awarded Investors in Children status every year since 2013.
- 55 The private rented sector is a valuable resource for people in need of housing. The Landlord Accreditation Scheme was introduced in April 2015 to encourage landlords to manage tenancies in a professional manner and ensure residents are able to access good quality housing in the private rented sector. The scheme is voluntary and has seen the sign up of over 100 landlords who operate over 2000 houses. In order to be accredited, landlords have to agree to operate in accordance with a code of conduct, which details housing management standards; property

condition; and the conduct of the landlord. Landlords are provided with support and guidance on operational and legislative issues and tenants can be confident their landlord and accommodation are of a good standard.

- 56 Disabled Facilities Grants (DFG) ensure financial assistance is available to help people who live in disabling environments. Around 500 residents a year are helped through DFG to remain living more independently in their own homes rather than having to move into a residential care home setting. In the last 18 months 670 people have received adaptations to the value of £5m.
- 57 Within 2016, DCC has directly supported 12 families (57 individuals) who were fleeing the war in Syria. All families are now settled into their homes and are integrating well into the community with the support of housing solutions and other key services and agencies such as education, the voluntary sector and local social housing providers.
- 58 Recognising the pressures placed on many residents by changes to the welfare system - including much of the support to low wage families - the Financial Inclusion action plan continues to guide activity focussed on the four key themes of debt and credit; building financial capability; employment and skills; and partnerships. Central to this is the support and further development of the Credit Union network across County Durham which in the past three years has more than doubled to stand at more than 15,000 members. Many companies have seen the benefit of promoting Credit Union savings to their workers with 41 County Durham employers, including the County Council, facilitating Salary Deduction Schemes. For the County Council alone this has led to over £750,000 of savings and borrowings by staff during 2016, which in turn provided the basis for the Credit Unions to develop and market other services such as alternatives to expensive weekly payment programmes for a range of goods.
- 59 Working with regional partners is a key part of the activities required to focus on Durham's economy. For example, Durham staff led on the establishment of the new regional inward investment gateway function, Invest North East England and hosted it for the first year of operations. We have also been heavily involved with the development and establishment of the new regional £120m Venture Capital fund, JEREMIE2, with a Durham representative chairing the development board. Durham has led the way with regional economic development delivery organisations establishing a process of case conferences so that they all deliver more aligned interactions with businesses. In turn, this has helped to inform the NELEPs thinking on developing interventions to help create more and better jobs.
- 60 Furthermore, much activity delivered by Durham County Council focuses on maintaining and improving the quality of the environment of County

Durham to ensure it remains a pleasant place to live, to invest, to work and to visit.

- 61 Fourteen Green Flags were received for Parks and Cemeteries, the most in the North East. The Green Flag Award® scheme is the benchmark national standard for parks and greenspaces in the UK. It was first launched in 1996 to recognise and reward the best green spaces in the country.
- 62 Levels of street cleanliness in County Durham are 3 times better than national average for litter, and 2.5 times better for detritus.
- 63 Durham has received national recognition for tackling envirocrime (flytipping).
- 64 The £3m redevelopment of Wharton Park was completed in May 2016. Investment in playgrounds has seen £1.75million spent on over 45 sites (on going).
- 65 Promotion of In Bloom schemes across a wide range of settlements. Durham City has received the Gold award 3 years running for Britain in Bloom.
- 66 Operation Spruce Up was launched at the end of 2016 to deep clean a range of settlements across the County.
- 67 50-60% of Direct Services turnover supports third party businesses.