

**DURHAM CITY VISION  
INTERIM REVIEW**

**FINAL REPORT**

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for Urban Affairs**

**July 2009**

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**EXECUTIVE SUMMARY**

**Background**

- 1.1 Durham City Vision (DCV) is an unincorporated association currently comprising Durham County Council<sup>1</sup>, North East Chamber of Commerce, One North East (ONE), Durham University and Durham Cathedral which was created in 2007 in order to 'drive regeneration and culture change to ensure that the City of Durham cements its place as the jewel in the crown of North East England and fulfils its potential as a key regional driver of wealth creation.'<sup>2</sup> It stemmed from partners' collective realisation that Durham was not making the most of its assets and potential. DCV's remit is, in summary, to respect and enhance the city's historic assets, reconnect the city and its public spaces, create a thriving retail scene, widen the mix of retail, leisure and entertainment activities through excellent urban design, build a strong partnership between public, private and community sectors and inculcate a sense of ownership of plans and promote city events.
- 1.2 Our preliminary soundings with stakeholders confirmed that the city faces a series of significant physical, economic, social and institutional challenges. Development opportunities in the city have traditionally been seen as limited due to conservationist planning policies and conservative local attitudes, (owing in part to adverse public reaction to post-war development which has often been of a disappointing quality) and also a lack of space. The city's public realm has not been sufficiently well maintained or valued and parts of the city are not easy to navigate on foot due to severance produced by the road system and lack of signage. Its retail offer was viewed as having shortcomings and facing acute competition from neighbouring centres. The city is considered to be heavily reliant on the University and other public sector organisations in employment terms. While the city has notable tourism attractions, most visitors stay for only a limited period suggesting that its offer lacks depth. Interviewees suggested that the city is polarised in social terms given the juxtaposition of comparatively wealthy students and residents in the core area and its much poorer hinterland. Partnership working has traditionally been viewed as difficult due to problems associated with two-tier local government and party politics and key organisations' tendency to operate semi-independently.
- 1.3 This review has three main aspects to it. It seeks to provide an early stock take of Durham City Vision (DCV) Partnership's activities to date and their impact. It assesses its effectiveness in meeting its objectives. Finally, it develops a forward strategy for DCV and its partners. This has entailed investigation of DCV's success in engaging public and private sector partners, partners' understanding of DCV and level of support for it, governance and delivery arrangements, resource procurement and the added value and value for money of its activities. The research has five elements: a review of key documentation; interviews with core partners and key

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<sup>1</sup> City of Durham Council was also a founder member but now no longer exists following the adoption of unitary government in Durham.

<sup>2</sup> Durham City Vision Interim Review Outline Brief and Invitation to Tender, April 2009.

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stakeholders; analysis of expenditure, outputs and socio-economic change; project analysis; benchmarking DCV against its peers.

### **DCV spend, outputs, activity**

- 1.4 In its first two years of operation, DCV received nearly £9.5m funding in total from its partners One North East (ONE), Durham County Council, Durham City Council and Culture 10/Local Arts Organisations. The lion's share (93%) was supplied by ONE. Core partners have also made substantial in-kind contributions such as staff time and these have increased over time. Most expenditure (£8.4m) was incurred in the first year on strategic property acquisitions. In the current year, forecast expenditure is £7.8m and most of this will be spent on another strategic property acquisition and the Market Place and Vennels public realm project. DCV's core costs have been comparatively modest, averaging about £240k/annum, four fifths of which have comprised staff costs. DCV has been very successful in procuring funding. So far, DCV has secured about £26m over its lifetime and if all goes to plan it will have incurred nearly £22m of that by the end of the current financial year. This contrasts markedly with Durham regeneration bodies' traditional tendency either to fail to procure their share of regional resources or spend to allocation. DCV financial accounts show that public spend has levered a further £22.7m of private sector investment so far.
- 1.5 DCV's lifetime output targets include 92,684 sq m of office/commercial floorspace, 38,486 sq m of residential floorspace, 8,900 sq m retail, 8,391 sq m leisure, 918 sq m flexible floorspace, 216 hotel rooms, 5,131 gross jobs and 4,267 net jobs created. So far, most of DCV's work has been of a preparatory nature, involving site acquisition, commissioning strategies and design briefs and working up projects. Its most tangible activities to date have included the provision of new steps at Durham station and significantly enhancing and extending the city's events programme. At this juncture, DCV has, understandably, made limited inroads into achieving lifetime targets.

### **Progress on projects**

Strategic property acquisition

- 1.6 One of DCV's early priorities has been to realise key development opportunities within the city using ONE's property acquisition powers. It has done so in three instances. Acquisition of Old Shire Hall has expedited University plans to relocate its headquarters to a new campus development which will boost the University's appeal to students and will provide a major opportunity to initiate development of the Elvet area for a mixture of leisure and entertainment uses in line with the approved Masterplan. A number of niche hotel operators have already expressed interest in the building. DCV has also negotiated for ONE to purchase the frontage of the bus station on North Road, a run-down retail area linking the station and city centre. One side of the street is now entirely in public ownership which should improve prospects for implementing plans for new shops, offices, bus station and square. Private developers who own the other side of the road have appreciated DCV's role in defining a vision for the area and attempting to realise it, though the Credit Crunch has affected scheme viability in the short term and financing of the scheme has yet to be agreed. Most recently, DCV has persuaded ONE to purchase the former ice rink,

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one of the city's most prominent eyesores, and a public sector party is very interested in redeveloping it to house them and others. If everything goes to plan, redevelopment of this key waterfront site will generate substantial jobs and investment and free up another major site nearby for development.

#### Market Place and Vennels

- 1.7 DCV's most advanced major regeneration project is its proposal to revamp the city's key public space, Market Square, and also a series of nearby Vennels (alleyways). It features high quality streetscape improvements - including signage, lighting, seating, public art and improved services for outdoor market, traffic management measures and shopfront improvements. DCV has played a leading role in this project. It has assessed stakeholder interests and legalities, co-ordinated and prepared the development brief, managed an international design competition, handled all aspects of public consultation, refined proposals and coordinated the tender process and delivery. Implementation has proved challenging owing to the number of stakeholders involved and sensitivities surrounding the proposed relocation of two statues. In our view, DCV has made good progress with this scheme. It is very much needed and offers good value for money and DCV and designers have tried very hard to listen to and incorporate stakeholder views and make the scheme workable. In our view, prospects for success will be further enhanced if the events space is made intrinsically interesting, the artworks make local references and involve Durham residents and public realm improvements are complemented by business support measures. The project is due to be complete by Summer 2010.

#### Peninsula Package

- 1.8 The Market Place and Vennels project is part of a wider package of projects designed to maximise the tourism potential of the Cathedral, Castle and other attractions in the Peninsula quarter, the historic heart of the city, while at the same time respecting the area's character. In this area, DCV has also played a key part in the development of a World Heritage Site Visitor Centre, the Riverbanks Gardens project and the Palace Green/Law Library redevelopment. The development of the WHS Visitor Centre is designed to introduce visitors to various Peninsula attractions. Here, DCV has co-funded the Co-ordinator post, prepared funding bids and played a co-ordinating and mediating role, given partners' different interests and perspectives. The Riverbanks Gardens project has sought to restore and open up access to gardens to the rear of Colleges and residences. DCV advised on the content of a University/Durham City Council-led Heritage Lottery Fund bid to implement a management plan for gardens and woodland, create a garden attraction and café and refurbish walls and buildings. It is also closely involved in a reconstituted follow-up bid, as the original bid proved unsuccessful. As with the WHS Visitor Centre, DCV involvement in this project has improved partnership working, raised partners' aspirations, generated greater financial and in-kind contributions from partners. DCV has also been involved in University and partners' attempts to persuade the British Library to agree to the creation of an outpost which could become the permanent home for the Lindisfarne Gospels.

### Facilitating Development

- 1.9 DCV has also been responsible for taking forward other Masterplan proposals and for facilitating development generally in the city centre. It has done so in five ways. Firstly, it procured Single Programme Funding from ONE for the construction of new station steps, which complemented other improvements carried out by GNER/National Express. Partly as a consequence, the station was adjudged the best overall station in the 2008 National Rail Awards for its facilities and quality of service. Secondly, DCV has taken part in discussions with property owners reviewing their property holdings and/or considering disposal and in a couple of instances, it has commissioned design development briefs (e.g. Millburngate House, Durham PCT County Hospital site). Thirdly, DCV has provided a co-ordinated response to enquiries from potential inward investors and developers (e.g. The Gates; Mount Oswald). Developers praised DCV for: their commercial understanding, identifying potential sites, giving them the confidence to invest by providing a wider vision and providing a single point of contact and forum for them to discuss their intentions with council and other stakeholders. Fourthly, DCV has commissioned strategies or proposals advocated in the Masterplan, such as Signage and Waymarking and Light and Darkness, both of whose proposals will be taken forward by the major projects, and also a Retail Distinctiveness Strategy. This approach has worked best where there has been clarity of ownership and an organisation able to champion and implement the proposals. Fifthly, DCV has sought to realise the tourism and leisure potential of land earmarked for development in Claypath. It has commissioned EDAW to prepare a development design brief and capacity study and has worked closely with CDTP, ONE and the site owners in exploring the feasibility of incorporating a Horrible Histories visitor attraction in the development. Negotiations with Merlin Entertainments Group and Scholastic UK, the intended operator and brand owner respectively, have gone well. Feasibility work and collection of visitor product information is complete and soft market testing is underway. There is, however, a need to clarify who is best placed to champion and oversee implementation of this project.
- 1.10 Generally, DCV has done well in trying to facilitate development on a wide variety of fronts, though this has posed the danger of overreach, given that DCV has a relatively small team. Clearer division of responsibility between partners for leading different aspects of Masterplan delivery would ease this problem.

### Events

- 1.11 DCV has an Events team which is seeking to establish an ambitious, cohesive, city-wide events strategy and develop, with key partners, a programme of aspirational events, festivals and other cultural activities which will complement the physical changes within the city, enhance the city experience and contribute to the economic development of Durham. So far, it has boosted the appeal of existing events such as Durham Regatta and Durham Book Festival, extended the summer events programme under a 'Streets of...' brand, launched a light-based arts festival, 'Enlightenment,' and commissioned contemporary versions of the Durham Mystery Plays. Our soundings suggest that the team has been successful in raising local aspirations, making the city more attractive to tourists and attracting a greater share of regional funding. The Enlightenment event was particularly successful in attracting visitors and generated extensive media coverage and recognition. A further mark of
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success is the fact that the events programme is being further extended over the next five years as part of the City's 2013 City of Culture bid.

#### Necklace Park

- 1.12 The final aspect of DCV's project activities has been to seek to complement efforts to improve the city's commercial and tourism offer by making more of its green environment, particularly the riverbanks. A team of two staff based at the County Council but badged as part of DCV has been charged with implementing the 'Necklace Park' project which aims to transfer a 12 mile stretch of the River Wear into a major open space asset. Due to a combination of staff turnover and the need for extensive preparatory work on engaging relevant interests and GIS mapping of routes, land ownership and attractions, and refining preliminary proposals, the team is still at the business planning stage and there is little tangible to report at this stage.

#### **Progress on process and partnership**

##### DCV's relationship with partners

- 1.13 Interviewees were in agreement that DCV has worked hard to engage partners and understand their respective agendas, encourage them to face up collectively to city centre problems and devise appropriate responses. They thought DCV has succeeded in promoting a greater amount of partnership working than traditionally had been the case. They praised DCV for its vision, drive, enthusiasm and for acting as a catalyst for change and felt that there is now more of a sense of common purpose and shared interest in securing city centre improvements than formerly. DCV has received strong support from partners. City of Durham Council and Durham County Council have backed DCV from the outset, serving as employer and accountable body in turn as a result of unitary government. Although their financial contribution has been limited so far, the latter's financial input will increase in future and staff input from both organisations has increased over time. ONE has generously funded DCV which has provided a further stimulus to joint working and also contributed a lot of staff time. The present Director of DCV was originally a ONE secondee in the formative stages of the initiative. Both the University and the Cathedral have played a significant role in DCV governing structures and delivery arrangements and have been heavily involved in a number of individual projects. Private sector input has also grown over time - the Chair of the North East Chamber of Commerce also chairs the DCV Board and a property development expert has recently joined the Board.
- 1.14 Awareness of DCV's role amongst partners and stakeholders has depended to a large degree upon the extent and nature of their dealings with DCV. Public understanding of DCV is probably partial given the nature of press coverage and DCV's communications and most likely it is associated with the Market Place project.

##### Effectiveness of DCV model and governance

- 1.15 Most interviewees felt that the informal partnership model has worked reasonably well. It has had the virtue of being at arm's length from each partner and proved less expensive and quicker to set up than a more formal company structure. Good support
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from partners in terms of commitment and funding has mitigated the main weaknesses of the model, namely DCV's lack of direct powers and dependence on partners' decisions. There is a good chemistry between Board members and it now has a balanced composition. It has proved increasingly effective in focusing on strategy rather than detail and problem solving such as tackling communication problems between partners. There may be a case for clarifying both Board and Executive members' roles and responsibilities to strengthen the former's ambassadorial and advocacy role and assist reporting back and progress chasing in the case of the latter.

#### Effectiveness of delivery arrangements

- 1.16 Partners viewed the Team as professional in their approach and felt that they had achieved a good level of success in terms of partnership working, procuring resources, project management and facilitative work. A high level of co-operation from staff in core partner organisations has added to their effectiveness. Most of those consulted felt, however, that the Team was overstretched and short of project management and property development expertise and communication and public relations skills. The Team's office is not ideal as it is completely open plan and very accessible to members of the public. Job retention is in our view a key issue for partners given that staff are on short term contracts and also current funding and organisational uncertainties arising from the recession and local government reorganisation. DCV has performed well in terms of resource procurement and financial management. In terms of project implementation, DCV remains overstretched although the recruitment of a dedicated project manager for the Market Place and Vennels project has eased the situation.

#### Overall assessment of DCV performance

Has DCV pursued the right approach?

- 1.17 One of DCV's virtues is that it commissioned a Masterplan before the Executive Team was recruited. That document provided vision, an agenda for change, summed up Durham's main strengths and weaknesses and indicated how different parts of the city might be developed. Although it had some drawbacks - principally a lack of underpinning market analysis, insufficient emphasis on the knowledge economy and housing and lack of clarity as to leading priorities and who should do what - partners addressed most of these by subsequently commissioning an Economic Appraisal and Business Plan which stipulated DCV's immediate priorities, roles and responsibilities. In our view, however, DCV has still been expected to do too much and partners should have clarified DCV's precise objectives early on. It is not clear to us why some related functions such as the Necklace Park Team had to be badged as being part of DCV.

Is DCV achieving its objectives?

- 1.18 DCV has put together a programme which if implemented as planned will achieve its core goals of creating a sense of place and boosting jobs, floorspace and GDP. So far DCV is making good progress in delivering the majority of its key objectives. Its programme respects Durham's intrinsic qualities and also seeks to unlock its latent potential. A number of projects together with signage and lighting improvements
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should significantly improve its public realm. Most of the prominent eyesores save Leazes Road are in the process of being dealt with. Some of its projects should widen the mix of retail, leisure and entertainment activities in the city. DCV's events programme has significantly enhanced the city centre experience. DCV has built a strong sense of partnership between public, private and community sectors. Plans to improve the city's natural environment have suffered a set back because the Heritage Lottery Fund bid for Riverside Gardens proved unsuccessful but the proposals are being re-packaged. DCV has explored ways of enhancing Durham's retail distinctiveness which have still to be taken forward.

Has DCV provided added value?

- 1.19 In strategic terms, DCV has provided added value in five ways. It has demonstrated leadership by delivering projects in conjunction with partners, commissioning essential groundwork, acting as an interface between private and public sectors and staging a range of events. Secondly, it has influenced partners by persuading local partners to work together to grasp opportunities and solve problems, encouraging developers and investors to invest in the city and providing a platform for the County Council-led City of Culture bid. Thirdly, it has levered additional resources from partners in cash and in kind. Fourthly, it has achieved synergy by developing a spatially and thematically integrated set of projects. Finally, it has engaged key stakeholders through its governance structures, project groupings and consultation exercises. DCV has also generated many different kinds of added value in its various projects. Essentially these boil down to its success in procuring resources and spending allocations, providing a better interface with the private sector, supplying additional delivery capacity, maximising the potential of existing assets and developing innovative projects.

Has DCV provided value for money?

- 1.20 Given the nature of interventions so far and the fact that implementation is at an early stage, it is only possible to offer a preliminary assessment of value for money in terms of the extent of DCV's core costs, private sector leverage and project costs and anticipated benefits. DCV core costs (£240k/annum) in relation to the scale of investment secured so far (£26m) are modest and the extent of private sector leverage has been good. Each of DCV's major projects has been subject to options appraisal and value for money checks in the course of obtaining ONE SP funding, though perhaps they would have benefited from more in-depth market analysis which was lacking in the Masterplan.

Balance sheet

- 1.21 Summing up, DCV has many inherent strengths. It has a well regarded Director and Team. There is a good chemistry between key stakeholders on the Board. DCV has performed multiple roles of co-ordinator, procurer, go-between and progress chaser effectively and it has introduced a coherent and logical programme of projects which is starting to yield results. On the other hand, it does have some weaknesses. It is vulnerable to changes in partners' circumstances. Size of team is an issue given its heavy workload and also the risk that staff may move on. Lack of political representation on the Board has affected its legitimacy.
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- 1.22 Benchmarking DCV against the critical success factors of Urban Regeneration Companies has shown that it possesses the qualities necessary to make a marked difference, save for marketing and promoting what it does to a greater extent. This task is in hand since DCV has requested its public relations consultants, Admiral, to look at the effectiveness of its communications.

#### **Where next?**

- 1.23 DCV has made a very good start. It has worked well with partners in addressing the key challenges identified in the Masterplan, and also understood their respective agendas and constraints and worked hard to keep them on board. In turn, partners have actively supported DCV in terms of time and money. In terms of project implementation, DCV has laid good foundations through strategic acquisition, commissioning key strategies and development design briefs and staging design competitions. Its early interventions and activities have demonstrated both added value and value for money. Its team has performed well, despite being overstretched at times.

#### Outstanding challenges

- 1.24 Despite these achievements, DCV faces a number of future challenges. It must deliver its priority projects within a tougher economic and funding climate. The recession could affect the viability of private sector-led schemes in fringe areas of the city centre in the short term. Budgetary cuts will mean that ONE will not be able to fund DCV to the same extent in future. The advent of unitary government has caused uncertainty and disruption and raises the key issue of how DCV's activities will fit with the County Council's ambitions, strategies and policies for the city and wider county and whether the division of roles between different organisations in the regeneration sphere remains fit for purpose. Our analysis suggests that DCV's measures will need to be buttressed by wider economic and housing measures if the lofty ambitions of the Masterplan are to be achieved. DCV must also build upon its strengths and address its weaknesses.

#### Implications for DCV

- 1.25 In future, DCV faces the choice of maintaining the current informal partnership model, seeking to create a more formal organisation with greater independence and possibly more powers or incorporating DCV within the new unitary council's economic development and regeneration machinery. Each option has its attractions. On balance, the evidence suggests that DCV should stick with the current model. It is not broken. The model has inherent financial and organisational advantages and DCV has managed to secure stakeholder buy-in but remain independent and at arms length from any single partner and get things done. Maintaining organisational stability will allow DCV to get on with the job of delivery. The alternatives would take time and resource to set up and some partners viewed local authorities as having wider responsibilities and as finding it less easy to focus on progressing individual projects quickly.
- 1.26 The two other main considerations for DCV are the nature of its role and responsibilities and relationship with other bodies. Given DCV's wide ranging brief and small team, in our view DCV should concentrate on delivering the physical
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projects provided that partners take a lead in delivering complementary aspects of the Masterplan. Three issues need addressing regarding the latter in our view. Inviting a leading politician onto the Board would add weight to Board decisions and boost DCV's legitimacy. There may also be a case for inviting a Housing and Communities Agency representative to join the Board if DCV projects feature more of a residential component in future. Finally, DCV should establish links with the new Durham Area Action Partnership which has been set up by the County Council to engage a wide variety of local bodies, councillors, local groups and members of the public to identify and tackle local issues, including developing the city centre.

### Policy lessons and recommendations

#### 1.27 All partners should:

- consider ways of growing the economy by attracting major inward investors, fostering more competitive businesses (by, for example, working with the University to improve business incubation facilities for spin out companies and other new businesses in the city), providing more opportunities for local suppliers and by creating additional residential opportunities;
- consider ways in which to boost the supply of affordable retail/office space in the city centre;
- seek to strengthen the tourism offer further by packaging existing attractions more effectively, improving transport links between them, enhancing conference facilities and improving marketing at major arrival points such as the rail station;
- seek to boost support for city centre retailers possibly via the BIDs mechanism and encourage retail entrepreneurs such as restaurateurs to invest in the city;
- examine the division of responsibilities between organisations involved in regeneration once the Unitary authority has had time to settle down.

#### 1.28 DCV should:

- prioritise those projects which are either furthest advanced or appear to have the best likelihood of proceeding in the near future, namely Market Place and Vennels, Peninsula Package, Ice Rink and Millburngate House;
  - assess the implications of the Credit Crunch for the timing and content of private sector-led schemes, namely North Road and Claypath;
  - raise its public profile and provide a clearer narrative explaining what it is about, by alluding to its emerging development projects;
  - make more of the Elvet Quarter's potential as an area for restaurants, niche retailers, galleries, hotels and related uses;
  - consider widening Board membership by inviting the DCC to nominate a political representative and also inviting the HCA to join if and when appropriate;
  - clarify Board and Executive Group members' roles and responsibilities;
  - strengthen the team, especially in terms of project management and property development capacity and skills;
  - focus on physical development while ensuring that partners commit to delivering complementary aspects of the DCV Vision;
  - embed DCV within wider structures relating to Durham city centre such as Durham Area Action Partnership.
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**CHAPTER 1:**

**WHAT IS DURHAM CITY VISION AND WHAT IS THE REVIEW ABOUT?**

**Introduction**

- 1.1 This report seeks to do essentially three things: provide an early stock take of Durham City Vision (DCV) Partnership's activities to date and their impact, assess its effectiveness in meeting its objectives and develop a forward strategy for DCV and its partners. This introductory chapter provides some brief background on DCV and describes its origins, rationale, remit, composition and the way it has operated. It then outlines the main challenges facing DCV and the city centre at the outset as perceived by review participants. Finally, it provides details of the study brief, the scope of our research and the structure of the report.

**DCV's origins, remit and operation**

- 1.2 The DCV Partnership is an unincorporated association which currently comprises Durham County Council, North East Chamber of Commerce, One North East (ONE), Durham University and Durham Cathedral. It was created in order to 'drive regeneration and culture change to ensure that the City of Durham cements its place as the jewel in the crown of North East England and fulfils its potential as a key regional driver of wealth creation.'<sup>3</sup> It stemmed from partners' collective realisation that Durham was not making the most of its assets and potential. After a prolonged period of little change in the physical make-up of the city since a major reconfiguration of the road system and partial pedestrianisation was undertaken in the 1960s and 1970s, it had become clear that the city was increasingly struggling to cope with changing access, retail, leisure and tourism requirements. However, the late 1990s witnessed the development of a new shopping centre (Prince Bishops) and this decade the construction of the Millennium Place/Walkergate complex which included a new theatre, library, square, offices, hotel, residential apartments, bars and restaurants and multi-storey car park. This scheme was the product of a partnership between City and County Councils, Millennium Commission and European Union. Other housing and hotel developments were materialising nearby owing to the buoyant economic conditions and the review by Durham University of its estate was also throwing up possibilities for reconfiguring land usage. Such developments had two main effects. They gave those involved confidence that change was possible and that improvements could be made. They also highlighted problems elsewhere in the city centre and the need for a holistic, concerted approach. The Local Plan published in 2004 had already been overtaken by events and therefore a new partnership, known as Durham City Vision was formed to develop a holistic vision for revitalising the city centre over a fifteen year period and provide a context for future policies and proposals. With ONE's encouragement, the Durham City Vision Partnership commissioned David Lock Associates to prepare a Masterplan to examine the city centre's potential and means of realising it, and provide a context for new policies and proposals. It was published in March 2007.

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<sup>3</sup> Durham City Vision Interim Review Outline Brief and Invitation to Tender, April 2009.

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- 1.3 The Masterplan, together with a number of regional and local strategy documents<sup>4</sup>, recognised that Durham has many inherent strengths and assets owing to its historical and architectural significance, University, tourism appeal and unique setting and therefore the potential to become a major regional driver of wealth creation. However, the Masterplan also drew attention to the fact that the city had economically underperformed in the past owing to a series of shortcomings such as limited retail, leisure and cultural facilities, poor quality public spaces and limited employment opportunities.
- 1.4 The Masterplan began by painting a vision of what Durham should become by 2020 in order to cement its place as a jewel in the crown of the north east region. It included:
- respecting and enhancing the city's historic assets and authenticity such as its Norman cathedral and castle, and distinctive built form such as its market square, vennels and bridges;
  - re-connecting city and river, public spaces and outlying communities by developing a 'Necklace Park' along the banks of the River Wear;
  - creating a thriving retail scene, based on niche speciality providers, distinctiveness and markets selling locally produced goods;
  - widening the mix of retail, leisure and entertainment activities by refurbishing buildings and promoting new developments to a high standard of contemporary design and linking them with attractive streets and public spaces;
  - a strong partnership between public, private and community sectors and public sense of ownership of improvement plans;
  - proactive promotion and management of city facilities, services and events.
- 1.5 To realise the vision and guide implementation, the Masterplan specified six overarching themes:
- recognising and protecting the value and importance of the City Centre;
  - capitalising upon existing assets;
  - dealing with longstanding eyesores;
  - undertaking targeted investment in the public realm;
  - making the most of the green environment;
  - enhancing the city centre experience and the way it is communicated.
- 1.6 It then added flesh to the bones by setting out twelve interrelated strategies concerning: City Centre Employment; Traffic and Transport; Reshaping the City Centre; Retailing; Residential Development; the University; Leisure, Entertainment and Visitor Development; Iconic Development; "Modern Jewels" (smaller scale developments); City Centre Lighting; Walking; Wayfinding and Signage. Finally, the

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<sup>4</sup> Durham City is recognised as a key spatial priority area for the Tyne and Wear City Regional Development Programme in the Regional Economic Strategy; an area of opportunity and focus for growth in the Regional Spatial Strategy and as a key Quality of Place project for 2007/8 in the One North East Corporate Plan/Action Plan.

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Masterplan divided the city centre into seven distinctive quarters (Central; Claypath; The Peninsula; Elvet; Framwellgate; Crossgate; Viaduct), described their main structural characteristics and set out a series of opportunities for enhancing each area.

- 1.7 The Masterplan represented the key point of reference for the DCV Executive Team which was established by partners in June, 2007. It was mainly funded by One North East (ONE), with the active support and involvement of both the County and City Council. The team originally included a Regeneration Manager (more recently renamed Director), a programme/financial co-ordinator, an events co-ordinator and assistant, a technical/support officer, a two-person unit co-ordinating the Necklace Park open space/access project and a part time business development officer. Essentially its brief, set out in its Memorandum of Understanding produced in 2007, is 'to undertake place making activities in Durham City Centre which will generate higher rates of employment, more commercial and residential floorspace and higher levels of GDP'. The team also services the Board on which each core partner is represented and a private sector property development expert also sits. The Director chairs an Executive Group comprising the operational leads from key partners which meets monthly/bi-monthly to review progress and exchange information. Wider representation was secured through four sub-groups – the Necklace Park Steering Group, the Communications Action Group, the Cultural Strategy Steering Group and the Learning and Skills Strategy Steering Group.
- 1.8 In August 2007, partners commissioned SQW Consulting to produce an economic appraisal and business plan which would assess the costs and benefits of the priority projects being taken forward by DCV, the role expected of it in delivering them and to consider the implications for DCV's structure, capacity, funding and programme priorities. Following extensive stakeholder consultations, SQW concluded that partners wished to pursue an approach involving both 'hard' physical development and also 'soft' infrastructure improvements which would enhance visitor perceptions and experience through marketing and communications. They identified the top ten priority projects which DCV should pursue in the period 2008-2010: Ice Rink, Old Shire Hall, Claypath, North Road/Bus Station, North Place, World Heritage Site Interpretation Centre, Market Place and Vennels, Riverbank Gardens/Peninsular elements of Necklace Park, Events and Lighting. The Business Plan described a number of potential roles that DCV could play including resource co-ordination, enabling and negotiation work to ensure design quality and project delivery.

### **Challenges facing Durham city centre**

- 1.9 To set the scene for the study, we asked stakeholders to summarise the challenges confronting DCV when it was set up in 2007. Perhaps unsurprisingly they confirm those identified in the Masterplan in many respects as that exercise involved extensive stakeholder consultation, but they did raise some additional points. They broadly fall into four categories: physical, economic, social and institutional.

#### Physical

- 1.10 The city centre has traditionally been viewed as a place where it is difficult to undertake new development owing to a combination of its World Heritage Site status, the fact that the entire city centre is a conservation area and also the conservative
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attitudes of some local residents and interest groups. Development opportunities in the city centre are also limited due to a lack of space and it has a hemmed in feel to it, partly because it is located in a bowl and beside an entrenched river meander.

- 1.11 Some fringe areas of the city centre have a run-down appearance and suffer from vacant units and under-occupancy, particularly along North Road and Claypath. Some interviewees perceived that recent developments such as Prince Bishops Shopping Centre and Walkergate had contributed to their demise. Much of the city's post-war architecture though low rise and relatively unobtrusive is uninspiring and in the worst instances an eyesore. Although past road improvements improved circulation in and through the city centre, they produced car dominance, noise and severed northern parts of the city centre such as Claypath and Framwellgate from the core area. Interviewees felt that the city was not always easy to navigate on foot due to unclear signage, lack of circuitry and the barrier effects of roads and river. They reported that the streetscape and public open spaces were of variable quality due to lack of maintenance, difficulties in reconciling vehicular and pedestrian access (the congestion charge was seen as an inadequate solution) and the Market Place was seen as the key public space in the city centre. The riverbanks were seen as an underutilised resource and debris and rubbish along some river stretches were seen as off-putting to residents and visitors.

#### Economic

- 1.12 Durham was seen as a difficult place for many retailers, particularly independents, to thrive. This was because of very high rents and rates, restricted floorplates in older parts of the city owing to the narrow frontages of many buildings, and intense competition from other retail locations both on the outskirts (e.g. Dragonville, Arnison Centre) and elsewhere (Metro Centre, Newcastle, Sunderland, Dalton Park etc.) some of which offered free car parking. More recent, purpose built, retail developments (The Gates, Prince Bishops), though remedying some inherent weaknesses and generating decent Zone A rentals, were seen as flawed in urban design terms. In particular, they failed to take full advantage of their riverside location. Even though a relatively large proportion of inner Durham's residents are relatively affluent, some interviewees indicated that an increasing proportion of disposable income is spent elsewhere owing to increased mobility and changes in the nature of retailing (e.g. regional competition, internet shopping, home delivery, destination retailing). Although students were seen as boosting local patronage, it was pointed out that many shop at home during vacation and that the various colleges remain the focus of their social life. Durham has a relatively poor immediate hinterland owing to the demise of coal mining since the second world war and also former pit villages' struggle to invent a new economic rationale. The city centre evening economy was considered underdeveloped, due to a shortage of good restaurants, cultural venues (excepting the Gala Theatre), and retailers' tendency not to open in the evenings. Widespread use of steel roller shutters was seen as having a deadening effect on the streetscape at night.
- 1.13 Interviewees also indicated that there was relatively little service sector activity in the city centre, apart from the University and public sector organisations, and most of the large companies and organisations in Durham were based in outlying business parks and estates.
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- 1.14 Although the city possessed some notable tourism attractions such as the cathedral and castle, some noted that visitors typically spent only a few hours in the city. The castle was sometimes closed. While there are other attractions, stakeholders felt that they were not that well patronised either because they were not perceived as being in the same league, physically dispersed or insufficiently promoted. The shortage of good restaurants and interesting specialty shops was also seen as contributing to the short-stay phenomenon. New hotels have opened in the city which are trading successfully (e.g. Premier Inn, Radisson) but guests do find the state of the river and lack of taxis off-putting. There is also a lack of good guest house accommodation in the city centre.
- 1.15 Although the University's crucial contribution to the local economy was widely recognised by stakeholders, some felt that a lack of close dialogue between the University, Durham City Council and Durham County Council regarding economic development matters had limited its impact and noted that levels of graduate retention were relatively low (30%).

#### *Social*

- 1.16 Interviewees thought that Durham suffered from a town and gown mentality and felt that the social divide was particularly evident at week-ends and contrasted student balls and other functions with the hard drinking tendency at local pubs and clubs. Students and locals did not readily mix and tended to frequent different pubs and clubs. Some pointed out that since over a third of the core part of Durham comprised students, with much higher concentrations in certain quarters, those areas became dead outside term time affecting community cohesion.

#### *Institutional*

- 1.17 Many interviewees highlighted how the innate conservatism of some of the more prominent and vocal local residents coupled with heritage-led local planning policies had in the past favoured the status quo rather than change which had meant that the city had struggled to adapt to new challenges. While both County and City Councils contained economic development units, some interviewees felt that in the past there had been a lack of debate and policy concerning Durham's role and future. They also drew attention to the shortage of delivery capacity within the county which had manifested itself in the sub-region's failure to secure its share of regional development agency funding and also marked under-spending of capital budgets. The city had not had the benefit of clear political leadership owing to a combination of two-tier local government and a phase of bipartisan local politics following the Liberal Democrat's success in gaining control of the city in 2003 (the County Council continued to be labour controlled and Durham's MP was also Labour). Others noted that the other two key organisations in the city, the Cathedral and the University were historic institutions which had traditionally exercised considerable autonomy and operated independently. In the case of the former, this was also felt to be a legacy from the era of the Prince Bishops. The Cathedral had also, perhaps understandably, seen itself primarily as a place of worship and pilgrimage rather than a tourist attraction. For all the above reasons, there had not been a history of partnership working in the city, especially in terms of urban regeneration given the tenor of past planning policies.
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- 1.18 On the other hand, a number of opportunities presented themselves to DCV. As already noted, the city centre was witnessing new development, especially in the tourism and leisure sphere. The Masterplan signalled a realisation by both authorities that a coherent strategy was needed to guide future development of the city centre. Having spent a lot of time participating in the Masterplan, many local bodies and some of the general public were developing an appetite for change and wanted to see its key recommendations implemented. DCV offered the prospect of bringing on board the key bodies necessary to take things forward and a potential means of spearheading delivery. DCV's establishment coincided with the appointment of a new Vice Chancellor and a new Dean of the Cathedral had also only recently been appointed.

#### **Study brief and scope**

- 1.19 The study brief requires answers to three questions:
- How well has DCV performed so far?
  - Has it provided value for money?
  - How should it develop in future?
- 1.20 This entails an assessment of whether DCV has achieved its objectives and its effectiveness and whether it remains fit for purpose. The brief specifically requires analysis of:
- the extent to which DCV is delivering its objectives and those of partners through its key projects;
  - partners' level of understanding of DCV's roles and responsibilities;
  - barriers to DCV's performance and success;
  - core partners' role, effectiveness and contributions in supporting DCV and delivery;
  - the effectiveness of the delivery mechanism;
  - the adequacy of financial and human resources at DCV's disposal;
  - DCV's success in procuring funding;
  - DCV's impacts and strategic added value;
  - the outputs, outcomes and strategic added value of completed projects, those underway or planned;
  - the level of local support for DCV's development projects;
  - the effectiveness of DCV's communications;
  - DCV's effectiveness in engaging the private sector, raising investor confidence and leveraging in private investment;
  - appropriate lessons and comparisons from other regeneration delivery agencies;
  - DCV's success, impact and value for money in quantitative and qualitative terms;
  - the effectiveness and role of governance structures, including the Board.
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- 1.21 One of the key parameters of DCV's success is the extent to which it has fulfilled its aims and objectives contained within its Memorandum of Understanding (2007) and Business Plan (2008). Essentially its brief is 'to undertake place making activities in Durham City Centre which will generate higher rates of employment, more commercial and residential floorspace and higher levels of GDP'. We have also taken into account the vision, strategic objectives, priorities and guiding themes set out in the Durham City Centre Master Plan which was the original point of reference for DCV.
- 1.22 Given the tight timescale for the study, we have designed our research methodology in such a way as to get at the big picture and be able to recommend the way forward. This report therefore provides a macro review which concentrates primarily upon higher order questions of progress, partnerships, performance rather than a detailed examination of previous decisions and actions. We have depended primarily upon the views of key players on macro level questions with a limited amount of project review to test the robustness of stakeholder's perceptions and some limited quantitative analysis of programme performance and impact. We have focused especially upon the relationships and processes rather than detailed analysis - or pathology - of individual projects. The research has comprised five different elements:
- review of key documentation such as Masterplan, Business Plan and Economic Appraisal, Board and Executive Group reports and minutes, commissioned research and consultancy studies and key project documentation, DCV website content and media coverage;
  - 40 interviews with partners and key stakeholders in public and private sectors and community interest groupings such as Board and Executive Group members, DCV staff developers and property professionals, representatives of local businesses (retailers, hoteliers);
  - analysis of expenditure and outputs to establish who has funded what, how funding has been spent and output attainment so far and also analysis of the socio-economic characteristics and economic performance of the city centre and any early signs of change;
  - overview of progress in implementing its key projects and an early assessment of their impact, added value and prospects;
  - benchmarking DCV by assessing how DCV compares with its peers using a set of critical success factors developed in related evaluation work on similar regeneration vehicles.

#### **Report structure**

- 1.23 The remainder of the report is divided into five chapters. The next chapter sets the scene by investigating DCV's success in procuring funding and leveraging contributions from partners, outlining programme content and spend and quantifying outputs so far achieved. Chapter 3 assesses DCV's progress in implementing its programme and projects and progress to date in terms of project activity, achievements and added value. Chapter 4 investigates how well DCV has performed in terms of partnership working and engagement, processes and operations. Chapter 5 offers an overall assessment of DCV's performance so far. It assesses DCV's approach, attainment of objectives, whether it has provided value added and value for
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money and its strengths and weaknesses. Chapter 6 discusses future challenges facing DCV and its partners in terms of improving regeneration performance in DCV and Durham City Centre generally, and discusses the practical implications for DCV's role, operations, priorities and relationship with other organisations and for the wider regeneration agenda of Durham.

## CHAPTER 2:

### OVERVIEW OF DCV SPEND, OUTPUTS, ACTIVITY

#### Introduction

- 2.1 This chapter sets the scene for the review by presenting information on DCV's expenditure, running costs, project funding and outputs. It briefly addresses four questions:
1. Who funds DCV?
  2. How has DCV's funding been spent?
  3. What are DCV's lifetime output targets?
  4. What have DCV's projects delivered so far?

#### Who funds DCV?

- 2.2 In its first two years, DCV has received a total of nearly £9.5m from its funding partners. The yearly contribution of each partner is shown in Table 2.1. Most of that (89%) was supplied in its first year. As Figure 2.1 shows, ONE has been by far the most significant contributor, supplying 93% of DCV's funding so far. City of Durham and Durham County Councils have also made contributions and DCV managed to attract the largest Culture 10 grant to the county ever in 2008, which accounted for £120k of the £221k supplied by various arts bodies. Table 2.1 does not of course include significant 'in kind' contributions from each of the core partners, notably staff time.

**Table 2.1 Yearly contributions to DCV by funding partner**

Funding Partner	2007/08 contribution	2008/09 contribution	Total
ONE North East	£8,225,440 (1)	£571,843	£8,797,283
Culture 10/Local Arts Orgs.	–	£221,468	£221,468
Durham County Council	£180,000	£130,354	£310,354
City of Durham Council	£1,500	£142,402	£143,902
<b>TOTAL</b>	<b>£8,406,940</b>	<b>£1,066,067</b>	<b>£9,473,007</b>

Source: DCV

Note: (1) This figure does include spend on North Road strategic acquisition, much of which was incurred late the previous financial year but which has been included as it is a key DCV project.

#### How has DCV's funding being spent?

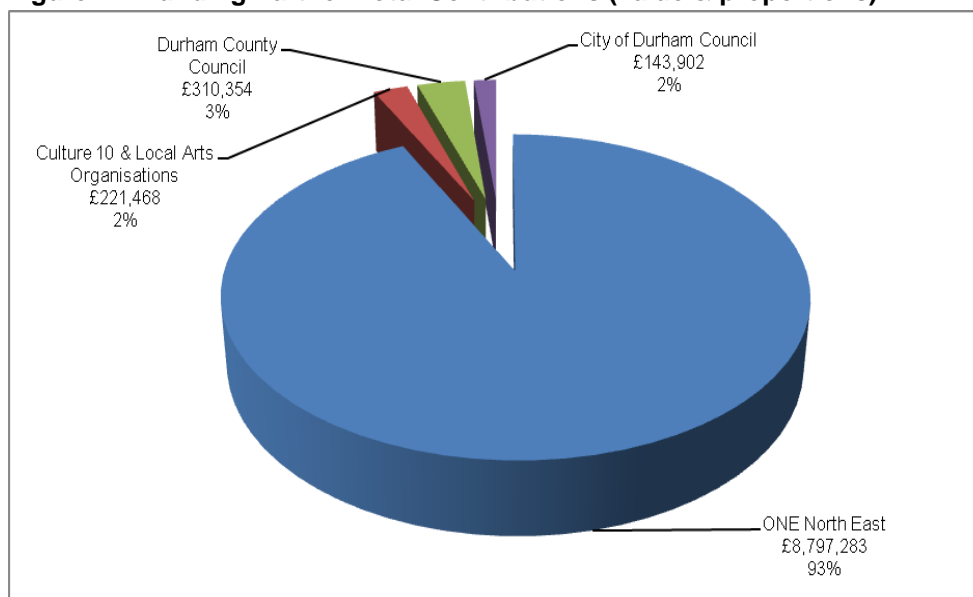
- 2.3 Table 2.2 breaks down DCV's expenditure so far and shows that much of the spending in the first year was incurred on two strategic property acquisitions: North Road and Old Shire Hall. Figure 2.2 shows that spend is estimated to climb to £7.8m

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in the current financial year 2009/2010 largely because of the proposed acquisition by ONE of the former Ice Rink and also considerable expenditure on the Market Place and Vennels project.

**Figure 2:1 Funding Partner Total Contributions (value & proportions)**



Source: DCV

**Table 2.1 DCV Project expenditure so far**

	2007/8 (£)	2008/9 (£)	Total (£)
DCV Partnership Board / Core Costs	217,071	232,251	449,322
Financial Monitoring	7,252	13,626	20,878
DCV Masterplan / Consultation	9,913	-	9,913
North Road Strategic Acquisition/North Place Develt. Design Brief	3,401,620	34,624	3,436,244
Strategic Acquisition - Old Shire Hall	3,950,000	-	3,950,000
Ice Rink Site	28,425	11,165	39,590
Claypath West	33,728	8,046	41,774
WHS Visitor Centre - 7 Owengate	20,000	6,250	26,250
Design Briefs (North Place, Elvet, Gilesgate)	12,722	-	12,722
Heart of the City Market Place and Vennels	6,791	155,597	162,388
Durham Riverbanks Gardens	-	59,456	59,456
Rail Station Improvements	188,399	110,303	298,702
Demolition of Rotary Shelter	-	3,989	3,989
Lighting Strategy	21,108	-	21,108
Signage	2,425	18,375	20,800
Marketing / Communications	90,080	73,108	163,188
Transport Innovation Fund	175,000	-	175,000

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Events	128,126	271,944	400,070
City Centre Business Development	53,218	50,660	103,878
Necklace Park	61,062	16,673	77,735
<b>Total Expenditure</b>	<b>8,406,940</b>	<b>1,066,067</b>	<b>9,473,007</b>

Source: DCV

- 2.4 DCV's core costs are comparatively modest. The budget estimate this year totals £276k compared with £232k in 2008/9 and £217k 2007/8, giving an average so far of about £240k per annum. Figure 2.3 breaks the current budget estimate into the main expenditure categories. Core staff costs account for about two thirds of the total and this proportion rises to nearly four fifths if one also includes the cost of employing the Market Place and Vennels project manager and DCV's contribution to the salary of the World Heritage Site Co-ordinator.

**Table 2.2 DCV Public Sector Project Expenditure so far\***

Project	Total Expenditure
<b>Strategic Acquisition</b>	
- <i>Old Shire Hall</i>	£4,240,000
- <i>North Road</i>	£3,401,620
- <i>Ice Rink</i>	£6,250,000
<b>Peninsular Package</b>	
- <i>Market Place &amp; Vennels</i>	£5,050,000**
- <i>World Heritage Site</i>	£26,250
- <i>Riverbank Gardens</i>	£59,456
<b>Facilitating Development</b>	
- <i>Rail Station</i>	£298,702
- <i>Lighting implementation</i>	£21,108
- <i>Signage</i>	£20,800
- <i>Retail Distinctiveness (combined city centre coordinator &amp; retail distinctiveness)</i>	£103,878
- <i>Claypath</i>	£41,774
<b>Events</b>	£1,120,270
<b>Necklace Park</b>	£159,785***
<b>Other****</b>	£1,023,624
<b>Total</b>	<b>£21,817,267</b>

Source: DCV

\*Figures include expenditure for 2007/08, 2008/09 & budget for 2009/10.

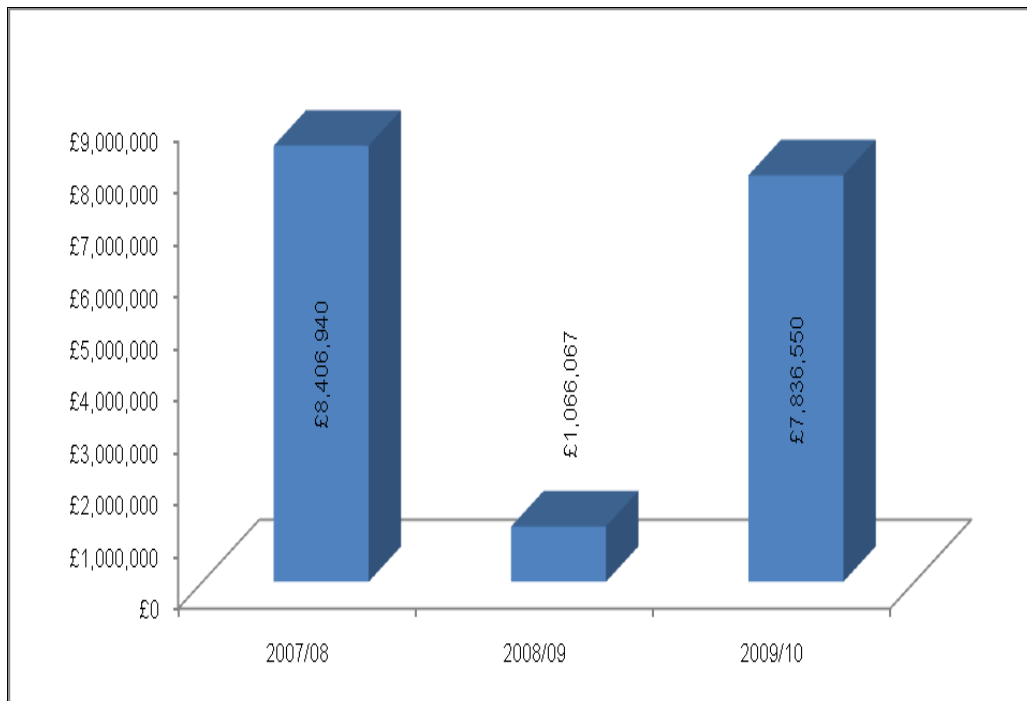
\*\* Figure excludes anticipated private sector contributions to Shop Front Improvement Scheme.

\*\*\* Figure excludes £0.5m secured for Belmont Viaduct as scheme some distance from city centre.

\*\*\*\* Other includes following: Partnership Board core costs; finance & monitoring; DCV masterplan/consultation; design briefs; demolition of rotary shelter; transport innovation fund; communications & marketing; economic appraisal & project evaluation.

2.5 Table 2.2 combines the current year's budget with actual spend in 2007/8 to 2008/9 to give a cumulative picture of spend on DCV's major projects. It shows that by the end of the current year DCV will, if everything goes to plan and ONE approve the £6.25m acquisition of the Ice Rink, have invested £21.8m of public finance. In addition to this, DCV has levered private sector investment. Table 2.3 provides estimates of private investment and public/private leverage in projects in which DCV has been involved.

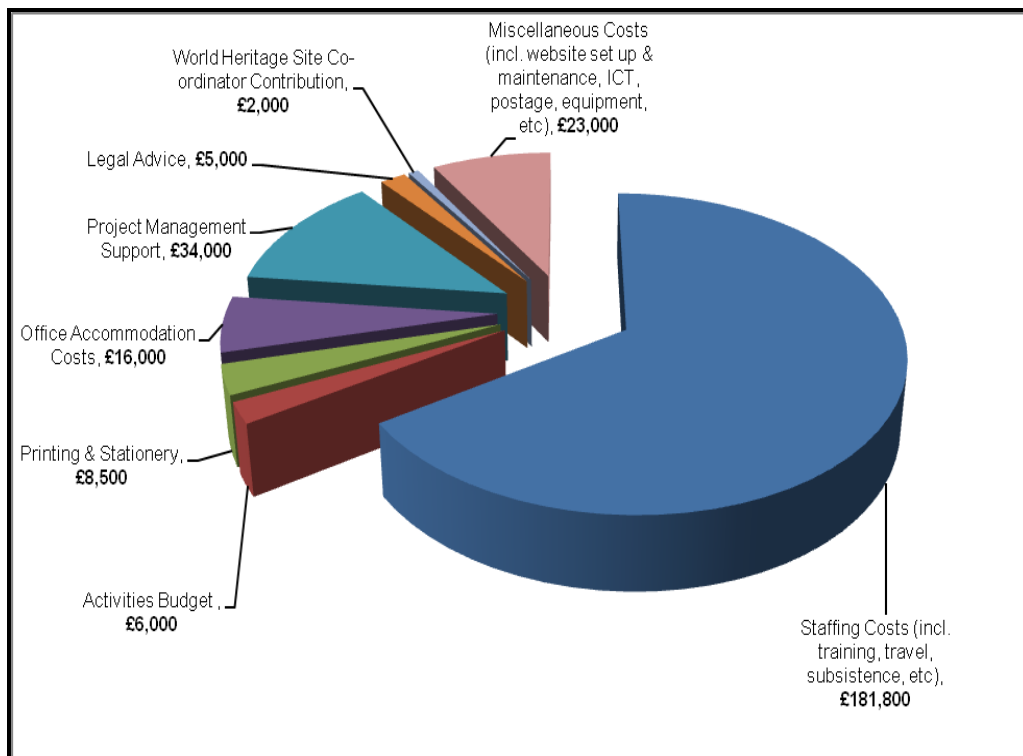
**Figure 2.2: Durham City Vision Total Yearly Expenditure\***



Source: DCV

\*2009/10 figures represent DCV's budget for the year, not actual spend.

**Figure 2.3 DCV Partnership Core Costs 2009/10**



Source: DCV

**Table 2.3: Public: Private Sector leverage on DCV projects so far**

Project	Total Public Expenditure	Private Investment	Leverage (ratio public private)
Rail station	£310k	£2.2m	1:7
Old Shire Hall	£3.95m	£20m	1:5
Events (Enlightenment and Streets of Festivals, 2008)	£221k	£496k (1)	1:2.25

Notes: (1) Gravity Consulting estimate of advertising equivalent value of media coverage of these events

**What are DCV’s lifetime output targets?**

2.6 The Economic Appraisal carried out for DCV and partners by SQW Consultants gives the most comprehensive picture of the outputs that DCV is aiming to achieve over its lifetime. Table 2.4 specifies those outputs that projects in which DCV is currently

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closely involved are expected to generate. In total, it is anticipated that 28,773 sq m office/commercial, 13,186 sq m residential, 3,924 sq m retail, 2,841 sq m leisure and 918 sq m flexible floorspace and 116 hotel rooms will be built and that this will create 467 jobs. If sizeable medium to longer term schemes are also brought into the equation such as Mount Oswald (prestige office park) and Millburngate House (redevelopment of major riverside office complex) the scale of expected outputs swells appreciably to 92,684 of office/commercial floorspace, 38,486 sq m of residential floorspace, 8,900 sq m retail floorspace, 8,391 sq m leisure, 918 sq m flexible floorspace and 216 hotel rooms constructed and 5,131 gross jobs and 4,267 net jobs created.

**Table 2.4 Estimated lifetime outputs from current projects\***

Project	Output	Outcomes	
		m <sup>2</sup> &/or rooms	Additional Jobs (number of)
<b>Strategic Acquisition</b>			
- <i>Old Shire Hall</i>	Hotel Office - option	46 rooms 2,000m <sup>2</sup>	37
- <i>North Road</i>	Retail Office/Commercial Residential	1,800m <sup>2</sup> 700m <sup>2</sup> 1,800m <sup>2</sup>	23
- <i>Ice Rink</i>	Office/Commercial Residential Leisure Public Building	243m <sup>2</sup> 7,383m <sup>2</sup> 243m <sup>2</sup> 151m <sup>2</sup>	32
<b>Peninsular Package</b>			
- <i>Market Place &amp; Vennels</i>			
- <i>World Heritage Site</i>			1
- <i>Riverbank Gardens</i>			
<b>Facilitating Development</b>			
- <i>Rail Station</i>	Restaurant	450m <sup>2</sup>	35
- <i>Lighting implementation</i>			
- <i>Signage</i>			
- <i>Retail Distinctiveness</i>			
- <i>Claypath</i>	Retail Office/commercial Leisure Flexible use Hotel Residential	2,124m <sup>2</sup> 1,530m <sup>2</sup> 2,148m <sup>2</sup> 918m <sup>2</sup> 70 rooms 4,003m <sup>2</sup>	339
Events			
Necklace Park			

Source: Reproduced from SQW Outline Economic Appraisal for DCV

### What has DCV delivered so far?

- 2.7 So far, most of DCV's work has been preparatory in nature, involving acquisition of key sites which will enable it to control development of priority areas such as North Road, set the right tone for developing distinctive quarters of the city such as Elvet (Old Shire Hall) and allow redevelopment of crucial riverside sites (former Ice Rink building). It has also been working up priority schemes such as Market Place and Vennels and commissioning development design briefs to guide developers on other priority sites. It has done only a limited number of tangible things such as providing

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new steps at Durham rail station and demolishing a shelter (originally erected by the Rotary Club) near the river, with the notable exception of the Events Team. The Events Team with Durham City Arts and their numerous partners have been successful in attracting sizeable Culture 10 funding into the county for the first time, attracting significant numbers of visitors as well as residents to events and as Table 2.3 generating significant private investment from media exposure. The Events Team's achievements and outputs are discussed in more detail in the next chapter as are DCV's other projects.

## CHAPTER 3:

### PROGRESS ON PROJECTS

#### Introduction

- 3.1 This chapter provides an overview of DCV's performance in progressing individual projects identified in the DCV Masterplan and more particularly those earmarked as early priorities in its Economic Assessment and Business Plan. We consider DCV activities so far under six headings which comprise a mixture of key projects and themes: Strategic Acquisitions; The Market Place; other Peninsula projects; Facilitation of development; Events and Necklace Park. In each instance, we briefly assess DCV's role, the rationale for its involvement, progress on the ground, value added and outstanding issues and challenges.

#### Strategic acquisitions

- 3.2 An important strand of DCV's work has been to work closely with ONE to take advantage of key development opportunities within the city through property acquisition. There have been three such schemes so far.

##### *Old Shire Hall*

- 3.3 Old Shire Hall is a late Victorian listed building owned by Durham University which it presently uses as its administrative headquarters. It is located in a prominent position in the Elvet district. However, it is no longer fit for purpose and the University has decided to vacate this and some of its other buildings nearby and construct a new £60m Gateway building comprising a new law department, library extension, consolidate student services and develop new offices for support services. ONE and the University, led by DCV, have negotiated a sale and leaseback of the Hall and two adjacent buildings for £4.25m with the University paying a market rent of £180,000 per annum for the occupational lease. This arrangement has a number of inherent advantages. It has enabled the University to expedite its Gateway plans and part finance the cost of its new administrative headquarters (£20m) and to continue to occupy Old Shire Hall until 2012 by which time the new headquarters building is expected to be ready. It will enable the University to continue to compete for students by providing modern facilities which is crucial to the city's future prosperity. It also provides a major opportunity to begin to realise the Masterplan vision for the Elvet Quarter which is to create a lively mix of cafés, restaurants, hotels and speciality retailers, small gallery workspaces and workshops. Knight Frank's valuation report indicated that the Hall might be suitable for a range of uses including a boutique hotel, office space or other uses such as a gallery, library or research institute. Since the purchase, there have been a number of expressions of interest in the building, principally from niche hotel operators. The new Gateway development will also provide accommodation for the law libraries on Palace Green to relocate, thereby allowing their conversion into exhibition, gallery and performance space in due course – increasing the range of attractions on the Peninsula.

- 3.4 From an evaluation standpoint, the key questions are whether the purchase was necessary, appropriate and offered value for money. In our judgement, the answer is yes on all three counts. The University would almost certainly have found it more difficult to sell the building to hotel operators and other interested parties given its wish to occupy the building until 2012. That in turn would have delayed its relocation plans and therefore Vision plans for the area. While the project will not generate short term gains, it could prove an important flagship development in the medium term and complement other neighbouring schemes such as Elvet Waterside. The Credit Crunch has had both a negative and positive impact on this project. The current valuation of the building is a good deal less than the purchase price, though it should be noted that the fall in value is no greater than that witnessed elsewhere. Conversely, the fact that the building will not be vacated for some time may prove a blessing in disguise given both current market conditions and the number of hotels that have recently opened in the city. There will also be time for DCV to prepare a development brief and market the opportunity properly. One slight concern is whether contingency arrangements have been put in place should the Gateway building for some reason not be ready by 2012.

#### *North Road*

- 3.5 North Road is a key route into the city centre from the north and from the railway station. For the most part it contains shops and the city's bus station is located half way down the street behind its southern frontage. It has become increasingly run down, partly due to a shift of gravity in retail activity following the opening of the Prince Bishops and Millennium Place schemes. It is dominated by discount retailers and also contains public houses and a night club. Although the bus station had received a facelift in 2005 (weatherproofing, better lighting, new toilets and security cameras), North Road is an eyesore rather than an attractive gateway into the city and has a reputation for heavy drinking and anti-social behaviour at night time. The Masterplan vision essentially recommended the creation of a new square, redevelopment of the bus station and better pedestrian links to the station at its western end and redeveloping adjacent blocks on either side of the street in order to provide better shops, including possibly an anchor food or retail store. In 2007, ONE agreed to purchase the bus station frontage (four shops and an office) for £3.4m which meant that the southern block was completely in public ownership. Meanwhile, two private developers had acquired interests on the other side of the road.
- 3.6 Since the acquisition, DCV has, with the private landowner's consent (having been impressed with the outcome of a similar exercise relating to the Ice Rink site), jointly commissioned a development design brief which has been drafted and is awaiting DCC Cabinet approval. Given that there are public and private sector landowners involved, ONE and DCV are jointly conducting an options review and also some soft market testing. The developers involved feel that DCV has performed a valuable role by setting out the vision for the area and acting as an intermediary between it, ONE and various council departments. However, development finance has yet to be agreed. The Credit Crunch has affected valuations and scheme viability. It must also be borne in mind that the costs of signage, transport and public realm improvements are expected to be met by the scheme. Hence, while North Road remains an important regeneration priority and its location adjacent to the bus station should in principle make development an attractive and viable proposition, the timing and nature of the eventual scheme is currently uncertain. Overall, ONE's purchase has
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brought control and leverage and will ensure it will be able to negotiate a share of profits when some kind of joint venture arrangement with the private sector is put in place to secure suitable development. Also, there is evidence to suggest that the acquisition has acted as a catalyst since recently a single private developer has acquired the other private interests to facilitate development.

#### *Ice Rink*

- 3.7 This 0.56ha site includes the former ice rink building, which is at present partly occupied by a bowling alley, and an old mill and race. The building is a corrugated sheet steel shed and one of Durham's major eyesores since it occupies a visually prominent site adjacent to the river and next to the Millburngate Bridge. In the past, various suggestions have been put forward concerning future use of the site and a proposal for a mixed-use residential-led development has in the recent past been turned down following a public inquiry. DCV commissioned a site capacity study and ONE/DCV an appraisal and site valuation report. When it became clear that the current owner was experiencing financial difficulties and could not come up with a viable and acceptable scheme, ONE began to pursue purchase of the site. For its part, DCV commissioned EDAW to prepare a development design brief for the site to inform and guide developers' plans for the site and also held discussions with potential future site occupant(s). Following lengthy negotiations, ONE and the present owner have agreed the price in principle subject to ONE Board approval (£5m acquisition costs plus £1.5m development costs – demolition, obtaining planning consent etc.).
- 3.8 Critical to the deal is a major user agreeing to take up space in a new development on site. A public sector party is interested and is in the process of agreeing a Memorandum of Understanding with ONE/DCV. Previous capacity studies have shown that the site could accommodate the necessary quantum of development to house their operation. If the deal proceeds, it will free up the redevelopment of another key opportunity site in the city. The prospective user is committed to a development of high quality which will take advantage of the site's qualities, blend in with neighbouring historic buildings and the contemporary architecture around Millennium Square and also provide an area of public realm which will appeal to employees, residents, visitors and investors. The potential user has also indicated that it will respect DCV and DCC concerns and wishes regarding height and massing of buildings, permeability and footfall. The site does pose some abnormal challenges such as flood risk but there is scope to adapt the Ice Rink's existing hydro-power system to ameliorate this problem and generate 'green electricity'. If this project proceeds as planned, it is expected to yield major outputs and benefits: 1.5 acres of land reclaimed, 1,600 jobs retained, 2,400 jobs created and £8m public contributions (£6.25m ONE acquisition; DCC £1.5m land contribution – adjacent car park) are expected to lever £58.5m from the prospective investor. DCV has played a significant role in bringing this project to fruition by holding negotiations with interested parties, making a successful Business Case for ONE to acquire the site, commissioning the design brief and acting as intermediary between the stakeholders.

### Market Place and Vennels

- 3.9 This public realm project aims to improve one of Durham's key public spaces situated at its heart and from which its principal streets radiate outwards and also a series of narrow alleyways (Vennels) nearby which are a distinctive but underused and underappreciated element of its fabric. The Masterplan, Business Plan and Economic Appraisal together present a cogent case for investment. The Market Place is of historic character as it is bordered by older buildings and contains two statues and is a popular meeting space and venue for an outdoor market and public events. However, it does suffer from clutter, lack of maintenance, uneven surfaces and poor layout and is overly dominated by service vehicles. The Vennels tend to be poorly maintained and largely unsurveyed. The project's aim is to carry out high quality streetscape improvements (including signage, lighting, seating, public art, improved services for outdoor market), traffic management measures and shopfront improvements so that Market Place becomes the major commercial asset in the city, a fitting gateway to the World Heritage Site and an even more popular meeting place and events space for both residents and visitors. It is seen as key to setting the tone for regeneration since it connects the various quarters of the city which are the scene of DCV's other schemes. It is hoped that refurbishing the Vennels will encourage additional retail destinations, footfall and exploration.
- 3.10 DCV has played a central role in bringing the scheme to fruition. Its responsibilities have included: assessing stakeholder interests and the legal position, coordinating and preparing the development brief, managing an international design competition, handling all aspects of public consultation, refining proposals and coordinating the tender process and delivery.
- 3.11 Key developments to date have been:
- Market Place and Vennels identified as key development opportunity in David Lock Associates (DLA) Masterplan, March 2007.
  - DLA prepared development brief specifying essential scheme components, notably respecting and enhancing historic significance, use of quality materials, eliminating clutter, accommodating functional and servicing requirements, improving pedestrian links and reducing vehicular impact.
  - DCV commissioned consultant, Howard Boycott, in March 2008 to produce a scoping report on ways of integrating public art into proposals. It stressed the importance of relating existing and proposed artwork, dealing with public perceptions and specified how new artworks could address design shortcomings.
  - An initial two day public consultation took place in a church next to the square in February 2008 at which preliminary options and ideas were aired, including the possibility of moving the statues - this generated a strong public reaction.
  - Design consultants were selected by DCV Partnership and consultants, over the period May-October 2008. Ryder Architecture HKS were appointed initially but were later replaced by McGregor Smith in February 2009, because DCV Partners felt that Ryders were not producing on time and to the necessary quality.
  - Ryder Architecture HKS and their consultants Your Shout Communications conducted a series of stakeholder consultations on emerging design concepts and proposals over the period November 2008-February 2009, involving major
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city centre stakeholders, commercial interests, school students and the general public. Well-respected local media personality and historian John Grundy was brought in to stimulate debate and mediate between different viewpoints.

- Comments gleaned from consultations, coupled with ground condition investigations, analysis of forthcoming public events and a highway strategy were then drawn upon to produce detailed designs which were presented to the public at an exhibition in April 2009.
- The consultants then produced an Improvement Strategy in May 2009, informed by feedback from the exhibition. It contained a traffic management strategy, proposals relating to streetscape design, pedestrian improvements, the statues, artworks and lighting.
- DCV has most recently prepared a mock up of the repositioned Marquis of Londonderry statue (June, 2009).

3.12 The next steps are to finalise the designs, tender a contractor and then secure planning permission. It is anticipated that work will begin just before Christmas 2009 and be completed in late Summer 2010.

3.13 Clearly, implementing this project has proved very challenging owing to the many different forms of use made of the Market Place, the number of different stakeholders involved and persistent opposition from a determined minority to certain elements such as moving 'the man on the horse'. Here, we briefly assess whether the scheme is merited in our opinion, the approach adopted, its prospects of success and outstanding issues. In our view, this is an important and much needed project. It will benefit all sections of the community and should also prove attractive to visitors. The proposed scheme remedies the design flaws of the existing square and it will make it much more suitable for events and outdoor markets. Improved lighting should help stimulate Durham's night time economy. While some aspects of public consultation could perhaps have been better handled initially (ie. not mooting the relocation of the statue until some initial re-designs were in place), DCV and consultants have since gone the extra mile in this respect and shown that the majority of the public are in favour of most aspects of the proposed improvements. Unfortunately, opposition to one element of the scheme seems to have obscured its many other virtues. Almost all stakeholders felt that DCV has effectively project managed the scheme. ONE's decision to use some of the project funding in this way has yielded significant dividends. Consultants have shown close attention to detail and responded well to stakeholder comments. One or two complaints about not being consulted appear to stem as much from the internal complexities of the organisations involved rather than oversight on DCV's or the consultants' part. Complementary efforts to reduce traffic onto the Peninsula through introduction of a permit system and further promotion of the Park and Ride and Cathedral bus should improve the prospects of the traffic management measures working. Concerns relating to the steps and seating appear to have been satisfactorily dealt with. Vennels improvements appear well thought through and focus on those linking city centre streets to the river and also the wider alleyways with the greater capacity and potential to be used.

3.14 The main objections to the project would seem to be: the need to relocate and renovate the statue, scheme expense, gimmicky artwork, concern as to whether the central space for events will be sufficiently well used and reservations as to whether improving the public realm will stimulate retail activity. The City of Durham Trust (a

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Civic Society), the main critic of the project, would prefer to see the existing public space given a facelift and be better maintained than in the past. We take each point in turn. Relocation would free up space, the proposed location appears to us more prominent and visible and the statue evidently needs restoration which would require its temporary removal anyway. The argument probably comes down to whether or not to respect some people's attachment to what is for them a significant place rather than impelling logic. In our view, the scheme is not expensive considering its many elements and also the importance of getting such an important project right. The artwork is in our view justified as it is designed to create a sense of place, encourage interest and persuade people to linger and in some cases it masks unsightly objects such as air vents. The key will be to inculcate a sense of ownership by creating at least some artworks of local significance. Creation of an events space will provide a stage for the growing number of events in the city. That said, it is vital that the space is intrinsically interesting so that it is frequented at other times. Part of the budget will be set aside for shopfront improvements which will partly address the final point. The Business Case for SP support for this project also reasonably argued that the public realm improvements should stimulate property values and reduce vacancy rates to national norms. However, other complementary business support measures will probably be necessary, many of which have previously been identified in the Retail Distinctiveness Action Plan.

- 3.15 While, therefore, there is still some way go to see this project through to fruition and some few outstanding issues to resolve, we believe that the case for intervention is strong and that DCV has made good progress to date.

#### **The Peninsula Package**

- 3.16 The Peninsula quarter of the city is, as the Masterplan states, the physical and spiritual heart of the city. It includes the castle, Cathedral, University and surrounding river gorge. DCV's role here is to utilise this area's rich heritage to its full potential in order to increase visitor spend and retention while respecting the need to avoid making marked physical changes which could adversely affect the character of the World Heritage Site. DCV has played a leading role in the Market Place and Vennels projects already discussed which is an integral part of the package and also the World Heritage Site (WHS) Visitor Centre and Riverbanks Gardens projects and a supporting role in respect of the Palace Green/Law Library redevelopment which has been facilitated by the acquisition of Old Shire Hall (see above).
- 3.17 The WHS Visitor Centre is intended to provide a brief introduction to the various Peninsula attractions and signpost visitors to them as they have never been promoted collectively and, discounting the cathedral and castle, are not very well known. The project is designed to improve the visitor experience and visitor management in the World Heritage Site, prolong visitor stays and boost the economic impact of tourism. The University supplied a suitable building, and together with English Heritage, City of Durham Council, Durham Cathedral, Durham County Council, One North East decided to appoint a WHS co-ordinator to implement initiatives set out in the pre-agreed WHS Management Plan. Following a poor response to the original application, DCV and the University decided to re-advertise the job as a University rather than City of Durham Council post and DCV made a small contribution to the salary. This generated a good field of applicants and an excellent appointment was made. Visitor Centre designs are currently being finalised.
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DCV has recently prepared an application to ONE for Single Programme support for £0.5m towards the total £1.33m cost of the project with Durham University, Durham Cathedral, Durham County Council and County Durham Tourism Partnership making up the balance. While some of the other WHS initiatives would have proceeded anyway, partners felt that DCV has - besides contributing to funding the Co-ordinator post - performed a useful go-between role and helped to mediate between partners with different agendas and prepared the business case for Single Programme funding. DCV staff also assisted with the building project and interviewees felt that its involvement had also prompted partners such as the Cathedral and University to contribute more time and resources to the project.

- 3.18 Restoring and improving access to the neglected and overgrown riverside gardens to the rear of the houses and colleges on the southern bailey has been a longstanding aspiration. DCV has been closely involved in a University/Durham City Council-led £3.9m Heritage Lottery Fund bid to enable implementation of a management strategy for the gardens and woodland, create a garden attraction and a café and conserve and refurbish buildings and walls<sup>5</sup>. Given the fact that there are multiple landowners and that HLF normally stipulates single ownership as a condition for receipt of grant, it became necessary for partners to agree a Memorandum of Understanding to deliver the project. DCV specifically helped with the bid and advised on timescales for delivery. Following the disappointing news that HLF decided not to fund the project, partners have decided to split the project into three elements in the hope that this improve their prospects of receiving grant funding: woodland management and access improvements; creation of the Garden attraction and refurbishment of Count's House; stabilisation and repair of city walls. DCV has sought feedback from HLF on why the original bid was unsuccessful. This probably partly stemmed from acute competition and diversion of funds to the Olympics. HLF has indicated that prospects for success second time round will probably hinge on partners being able to demonstrate that the attraction will benefit a wide audience. Given the fact that the wider public stand to gain most from the Riverbanks Gardens project, there is a case for DCC playing a more prominent role in the project.
- 3.19 As with the WHS Visitor Centre, DCV involvement in this project has improved partnership working, raised partners' aspirations, generated greater financial and in-kind contributions from partners.
- 3.20 DCV has also been involved in University and partners' attempts to persuade the British Library to agree to the creation of a British Library outpost which could become the permanent home for the Lindisfarne Gospels. Some limited feasibility work has been carried out and discussions with the British Library and other parties are ongoing.

### **Facilitating Development**

- 3.21 DCV has also been responsible for taking forward other Masterplan proposals and for facilitating development generally in and around the city centre. The most notable examples include:

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<sup>5</sup> It should be noted that the Cathedral has already obtained more modest HLF funding for a woodland management scheme relating to Peninsula land in its ownership stretching from Prebends Bridge to Framwellgate Bridge.

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- procuring £249k Single Programme Funding from ONE for the construction of new station steps leading to the main concourse, which complemented other improvements carried out by GNER/National Express. These included refurbishment of the main station building, improved car parking arrangements on the concourse, installation of real time installation systems and construction of a bus turning circle. The steps were completed in April 2008.
- taking part in discussions with property owners reviewing their property holdings and/or considering disposal and in a couple of instances, commissioning design development briefs (e.g. Millburngate House, Durham PCT County Hospital site, Houghall College).
- providing a co-ordinated local response to enquiries from potential inward investors and developers (e.g. The Gates; Mount Oswald).
- commissioning strategies or proposals advocated in the Masterplan, such as Signage and Waymarking (Placemarque), Light and Darkness (Speirs and Major), whose proposals will be taken forward by the major projects, and also a Retail Distinctiveness Strategy (Miller Associates) which sets out a series of recommendations for improving the retail offer and enhancing its distinctiveness.
- seeking to realise the potential of land earmarked for development in Claypath by commissioning EDAW to prepare a development design brief and capacity study and working closely with CDTF, ONE and the site owners to explore the feasibility of incorporating a Horrible Histories visitor attraction in the development. This has involved negotiations with Merlin Entertainments Group and Scholastic UK, the intended operator and brand owner, respectively.

3.22 We offer some brief comments on these different interventions. The station steps scheme has contributed to a marked improvement in the station. It has since been awarded best medium and best overall station in the 2008 National Rail Awards owing to a combination of its facilities and the quality of service provided by its staff. The full benefit of the steps will not be realised until such time as further access and signage improvements are carried out as part of the North Road/North Place scheme. The scheme did suffer from problems of cost overrun and slippage mainly because previous estimates of further facilitative work and scheme feasibility were provisional.

3.23 DCV has performed an important role in ensuring property owners with land surplus to requirements observe principles of good design and also the tenets of the masterplan, though in some cases this has caused some tensions since some owners want a free hand and wish to maximise receipts. Turning to DCV's dealings with prospective developers and investors, our soundings suggest that DCV has been widely appreciated. Developers praised DCV for: identifying potential sites; providing information on the wider picture and vision and giving them the confidence to invest; understanding commercial realities; providing a single point of contact and forum for developers to discuss their intentions with council and other officials. Developers especially welcomed DCV's facilitative role since Durham has not traditionally been perceived as an investment friendly location owing to the strictures of conservation and heritage policies and some residents' conservative attitudes.

3.24 DCV has performed a useful role in overseeing consultants' preparation of various strategies, and the arrangement has worked particularly well where there has been clarity of ownership and an organisation able to champion and implement the

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proposals (e.g. lighting and signage). Unfortunately this has not been the case with the Retail Distinctiveness Strategy because complementary activities set out in the Masterplan and Business Plan have not worked as intended. Although DCV contributed 50% of the salary of a City Centre Business Coordinator, and the City of Durham the balance, limited enterprise and business development actions materialised and this post ceased to exist when the council was wound up. Plans to develop a BID have not as yet been progressed. Most of the RDS' recommendations do not appear to have been implemented yet.

- 3.25 Plans to consolidate tourism and cultural activity in the Claypath area have proceeded well. EDAW has prepared a good design brief and DCV, CDTP and Merlin/Scholastic have worked together well in seeking to make the Horrible Histories attraction a reality. Feasibility work and collection of visitor product information is complete and soft market testing is underway. There is, however, a need for clarity as to who is best placed to champion and oversee implementation of the project as CDTP do not feel best equipped to do this.
- 3.26 Generally speaking, DCV has done well in trying to facilitate development on a wide variety of fronts. In our view, however, this does pose a danger of overreach, given that DCV has a relatively small team. It would help if there was a clearer division of responsibility between partners for leading different aspects of Masterplan delivery as there has perhaps been an unrealistic expectation that DCV would act as its overall custodian and drive forward implementation in many cases.

### Events

- 3.27 DCV's Events Team of two is working to deliver some of the softer elements of the Masterplan and Business Plan. It has two core objectives:
- establish an ambitious, cohesive, city-wide events strategy;
  - develop, in conjunction with partners and key stakeholders, a programme of aspirational events, festivals and other cultural activities that will complement the physical changes within the city and contribute to the economic development of Durham.
- 3.28 Arts and events make an important contribution to enhancing the Durham City experience and the way it is communicated and marketed, one of the six key themes of the Masterplan. The Team has facilitated the planning of a series of events and actively marketed them. It began by auditing the strengths and weaknesses of existing events and its programme has consisted of a mixture of building upon those and developing new ones. It has:
- promoted the Durham Regatta to a greater extent and also rebranded the Durham Book Festival and broadened its appeal;
  - developed a more extended summer events programme featuring for example, Streets of...brass, folk, dance and play, including an International Buskers Festival which has lured acts performing at the Edinburgh Festival;
  - developed a concept devised by Durham City Arts by launching a light-based arts festival, 'Enlightenment' which featured four original commissions - this
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celebrated the city's religious and industrial history and secured the largest award ever given to Durham by Culture10<sup>6</sup>, who also managed the event;

- devised The Durham Mysteries, by commissioning a series of playlets by writers based in or connected to the North of England which will provide a contemporary re-working of the Durham Mystery Plays.

3.29 Despite a shortage of hard evidence regarding the economic impact of the Events Team, quantitative evidence available coupled with stakeholder views and external recognition suggests that the Team has been very successful in extending Durham's events programme, raising local aspirations of what might be possible and raising the city's profile and attractiveness to tourists. The Team has worked hard with other arts organisations in the city in spearheading a series of exciting arts events.

3.30 The Enlightenment event proved particularly popular with residents and visitors and was voted best regional event in the 2008 Journal Culture Awards. Media coverage was extensive and reached an estimated 2.25m people, generating an advertising value equivalent to £400k. DCV reckon that the event attracted about 35,000 visitors (more than the 15-20,000 anticipated) and generated about £0.5m additional revenue for local businesses over three days. A small questionnaire survey showed that 70% of visitors to the event had originated from outside the city (assuming its findings are statistically representative). More anecdotally, the event attracted a wider spectrum of people to the city at night time than has been the case in the past. The organisers suggested that visitors found the installations and glowsticks handed to those wandering the trails reassuring as people could recognise others more easily and this made the city seem safer to them.

3.31 There is also evidence to suggest that the Events Team's activities are complementing physical improvements to the city. The events programme will help animate the new area of public realm to be created within the Market Place project and a temporary arts installation is to replace the Marquis of Londonderry statue, should the decision be taken to restore and relocate it. The 'Enlightenment' project gave a foretaste of the sort of improvements and benefits that the DCV commissioned lighting strategy should bring to the city.

3.32 In summary, the Events Team has done well and made good progress in meeting its objectives. Indeed, the Event Team and partners' success has provided the platform of the City's 2013 City of Culture bid, which will feature an ambitious five year programme of events in the run up to 2013. Effectively the Team is now being 'mainstreamed' as it will become part of a wider City of Culture team based within the County Durham Tourism Partnership/Durham County Council.

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<sup>6</sup> Culture 10 seeks to build the region's national and international profile by supporting ambitious, challenging and transformational events in order to increase participation, develop new audiences, animate the area's outstanding public spaces and cultural organisations. It is funded by One North East, Gateshead Council, Newcastle Council, Arts Council England, North East, Northern Rock Foundation, TyneWear Partnership and the Millennium Commission.

**Necklace Park**

- 3.33 One of DCV's key themes is to make the most of the green environment. A key part of its programme is the Necklace Park concept which aims to transform a 12 mile stretch of the River Wear either side of Durham into a major open space asset. Necklace Park has been viewed as an integral element of DCV since improved access to, and better visibility of, riverbanks are seen as complementing a more competitive commercial offer. Although part of DCV, the Team of two are based within the County Council's Rights of Way Team.
- 3.34 The project suffered from a faltering start due to the departure of both members of the team and a delay before the two replacements took up their posts late last year and early this. So far, the team has concentrated on engaging relevant interests, GIS mapping of routes, amenities, attractions and ownerships in the river corridor and is in the process of producing a Business Plan which will review facilities, identify opportunities, set out priorities, recommend access improvements and forms of support for city centre projects.
- 3.35 In terms of central Durham, the most significant intervention so far has been the Riverbanks Gardens project by the University and Cathedral which has been discussed elsewhere. If HLF is not secured, there is a strong possibility that the Necklace Park Team will play a more significant role in access improvements, environmental management and environmental education initiatives there. Clearly, there is also scope also for the Network Park team to implement plans for a riverside boardwalk and develop the environmental component of many DCV physical projects, notably the Ice Rink and the Vennels. To date, however, much of the Team's work has involved progressing inherited schemes some distance from the city centre (e.g. Belmont Viaduct Sustrans Connect2 project funded by the Big Lottery). Since matters are still at the planning stage, there is therefore little tangible activity to report and evaluate. While the environmental component of DCV schemes is undoubtedly important, it is not clear to us why the Necklace Park Team needs to be badged as being part of DCV.

## CHAPTER 4:

### PROGRESS ON PROCESS AND PARTNERSHIP

#### Introduction

- 4.1 This chapter assesses DCV's performance in terms of partnership working, governance and delivery arrangements.

#### How is DCV viewed by partners?

- 4.2 When we asked DCV's many partner organisations for their views on DCV as an organisation a broadly consistent picture emerged. Most felt that DCV had worked hard to engage relevant interests. They also thought DCV had played an important orchestration and co-ordinating role, and had encouraged partners to face up collectively to the city centre's problems and work together to produce appropriate responses to them. This was considered a significant achievement given the lack of partnership working in the city in the past and also the previous tendency to adopt incremental rather than transformational policies. They praised DCV staff for their vision, drive, enthusiasm and for acting as a catalyst for change. They also felt that DCV had struck the right balance between being challenging and frank and understanding partners' contrasting agendas, requirements and constraints. The Director's familiarity with the workings of University, Cathedral and ONE - the key bodies, along with the local authorities, (owing to her professional and personal background) was considered to be crucially important in this respect. DCV has managed to convince formerly semi-autonomous local organisations that what is good for Durham will prove good for them too. While difficulties have arisen concerning, for example, communication and the range and mix of DCV's activities, the partnership has proved robust and durable and stuck together, despite its informal status. Working together and overcoming obstacles on complex partnership projects such as Riverbanks Gardens appears to have built trust and a sense of common purpose. Also, generous funding support from partners, especially ONE, has provided a further stimulus to joint working.
- 4.3 The partnership has also matured in terms of its composition. In the early days of the Durham City Vision Partnership, there was a lack of private sector input. This was quickly addressed. The Chair of the North East Chamber of Commerce was invited to chair the Board in 2007. Later a property development expert from a leading regional firm of chartered surveyors was invited onto the Board in January 2008. DCV staff have also forged closer links recently with the Durham Markets Company and Durham City Forum, key retailer and city centre promotional groupings, respectively.

#### Have partners supported DCV?

- 4.4 It is also important to consider the partnership question the other way round by assessing partners' degree of commitment to supporting DCV and their level of understanding of its role. This is crucial since DCV is a small organisation which relies heavily on the goodwill of its partners in terms of resources and staff time. We
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assess in turn each of DCV's core members who sponsored and steered the masterplan Vision, subsequently sat on the DCV Board and were party to its informal memorandum of understanding.

- 4.5 City of Durham Council came up with the Durham City Vision concept and its senior officers were very committed to it throughout. DCC served as accountable body and employer. However, its resource input was comparatively small due to a combination of budgetary pressures and burden of existing responsibilities. At the outset, Durham County Council was more involved at a strategic than operational level but this has changed as DCV projects have progressed (e.g. Market Place and Vennels). Like the City of Durham, its resource contributions have been comparatively modest and for similar reasons. However, it has voted a much greater contribution to DCV's core costs (£347k) for the period 2009/10-2011/12. The advent of the Unitary has had mixed implications. Senior staff and politicians of the new authority are strongly in favour of DCV because they perceive that it has a good track record in terms of preparation and delivery and also because they see the city as a growth engine for the county. DCC has assumed responsibility from CDC for being accountable body and employer of DCV core staff. On the other hand, there have been inevitable uncertainties regarding the new structure, some former city council staff involved in DCV have moved on and the fate of others has not yet been decided which could cause a hiatus.
- 4.6 ONE has backed DCV strongly. It called for the original Masterplan. It has been its major funder by far, sat on the DCV Board throughout and its staff, especially its Senior Property Advisor, have spent a lot of time on DCV projects. It will provide £762k further funding for DCV core costs over the period 2009/10-2011/12. ONE has increasingly pressed DCV to prioritise its DCV's physical regeneration activities given its remit and also increasing pressure from Government to focus on short term Tier 3 outputs such as jobs and reclamation. It is also important to note that ONE supports DCV's wider activities such as its events team through other organisations such as Culture 10 and also provides core funding for County Durham Tourism Partnership who lead on DCV's tourism projects and for whom developing the city's tourism product and prolonging stays is number one priority.
- 4.7 The University has made an increasingly significant contribution to DCV. Senior staff have served on in its Board, Executive and other groupings from the outset. Various staff have become increasingly involved in individual DCV projects notably Old Shire Hall, WHS Visitor Centre, Palace Library, Riverbanks Gardens, Market Place and Vennels and events. Since the University is a partner, consultee and client, it has shaped proposals and also acted as a critical friend to DCV when problems have arisen. Although the University has been restricted in what has been able to contribute financially by its objects and status, it has been prepared to act as employer in certain instances (e.g. WHS Co-ordinator).
- 4.8 Like the University, Durham Cathedral representatives sit on the DCV Board, Executive and some of its sub-groups. The evidence suggests that it has become increasingly committed to DCV too. For example, the Cathedral has recently voted resources as well as in kind contributions for the WHS visitor centre and late last year opted to become a full Board member rather than just having observer status. Its increasing involvement has partly been because DCV's programme complements the
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Cathedral's own development plans and its wish to attract more visitors and also the more outward looking mentality of recently appointed staff.

#### **Partners' understanding of DCV's role**

- 4.9 We now turn to partners' level of understanding of DCV's role and responsibilities. Unsurprisingly perhaps, the interview responses revealed that this was closely related to the extent and nature of their dealings with DCV. While core partners had a high level of understanding of DCV, those only involved in its projects tended to have a more limited grasp of DCV's wider role and objectives. Level of involvement in the original Masterplan was also an important factor. Organisations and individuals not closely involved or consulted were unsure of the document's status and that of DCV. One mistakenly thought that DCV was a strategic rather than delivery body. The sporadic nature of press coverage on DCV coupled with the nature of DCV's own consultation exercises would seem suggest that public understanding of DCV is partial and that it is most commonly associated with the Market Place project.

#### **Effectiveness of DCV model and governance**

- 4.10 The effectiveness of DCV's governance has two aspects to it: whether the informal partnership model has proved fit for purpose and how well Board, Executive and sub-structures have functioned.
- 4.11 Interviewees felt that the model adopted has a number of advantages over a more formal company structure:
- quicker to set up;
  - less expensive;
  - fewer cash flow concerns than a private company;
  - exempt from VAT;
  - access to partners systems and resources.

The informal partnership also has the advantage of being at arm's length from any single partner. A minority of interviewees indicated that there was a downside. DCV lacks direct powers, is dependent on its partners and a few interviewees sensed that the key decisions were taken elsewhere by its main funders, project partners or by those with statutory responsibilities (planning etc.). In our view, this has not been a significant problem so far as DCV has been comparatively generously funded and its core partners have been very supportive of what it has been trying to achieve.

- 4.12 The Board has functioned reasonably well and there appears to be a good and growing chemistry between current members. Key stakeholders are represented and its composition has become more balanced since private sector members joined. It is now less inclined to become bogged down in detail than in the early days. When issues have arisen, the Board has taken steps to address them. For example, it called for a summit to discuss communication problems between partners and this led to improvements in reporting and feedback arrangements. There is also a good relationship between Board and staff.

- 4.13 In our view there may be a case for further strengthening governance arrangements in future. This is discussed in more detail in Chapter 6. Given previous comments about DCV's low profile and lack of power and legitimacy, it might also be worth revisiting Board members' responsibilities. Members could, for example, fulfil an important ambassadorial or advocacy role. It may also be worth considering handing Board members particular roles and responsibilities.
- 4.14 The Board is supported by a much larger executive grouping, which includes operational leads from the local authority and ONE. It appears to have served its purpose adequately of exchanging information and reviewing progress. As with the Board, some partners felt that the roles and responsibilities of members needed to be set out more clearly. This stemmed from a concern that some members seemed to report back to their respective organisations, progress chase and show greater commitment than others.
- 4.15 Various sub-groups met for a time but these have all now been disbanded for a variety of reasons including the shift from strategy to implementation, lack of progress, organisational and personnel changes.

#### **Effectiveness of delivery arrangements**

- 4.16 Finally, we briefly consider delivery arrangements, including staffing matters, financial management and project implementation arrangements. Partners all had a favourable view of the Team and praised various staff for their professionalism, enthusiasm, dynamism, innovative approach and success in partnership working, procuring resources, project management and impressive range of facilitative work. A number of respondents indicated that the effectiveness of the Team partly stemmed from the high level of co-operation and support from staff in the core partner organisations. Staff morale is good and all enjoy working for DCV. However, both partners and staff felt that the Team is at present overstretched and that it is short of project management and property development expertise, especially now that it has entered the project delivery phase. This is particularly evident if individual staff are ill, on leave or away from the office, despite staff's willingness to cover and multi-task. It may therefore be a suitable time to review team capacity and mix of skills. Anecdotal evidence suggested that some staff may also need to improve their communication and public relations skills and some steps have already been taken to deal with this. The Team's office environment is not ideal as it is completely open plan. It is located on the ground floor of Millennium Square which is very accessible to members of the public and consequently the Team has to deal with the inevitable queries and interruptions.
- 4.17 Another significant staffing issue is that while DCV is a medium to long term programme, DCV staff are all on short term contracts of varying length from one to three years. This poses risks of loss of staff and consequent loss of continuity and momentum. Indeed, one of the events team has just moved to another job. To add to this, external changes such as cutbacks in ONE resources and uncertainties surrounding local government reorganisation appear to have had an unsettling effect on staff. Many of DCV's staff have highly marketable skills and could be headhunted. In our view job retention should be a major concern for DCV and partners.

- 4.18 DCV has performed strongly in terms of financial management. It has procured substantial amounts of funding, especially from ONE, and also levered impressive amounts of private sector investment (e.g. Events Team). It has also recently negotiated with ONE, DCC and others to continue to support DCV's core costs to approximately the same level for the next three years. ONE has carried out a number of Single Programme monitoring and audit visits concerning DCV's major physical projects over the last two years. These all had a favourable outcome and did not raise any issues or concerns. DCV has been praised by ONE and others for its strong systems of financial control and ability to hit spend targets.
- 4.19 Regarding project implementation, the DCV Team has had to work very hard to make progress on so many different fronts at the same time despite past prioritisation exercises. Also, some of DCV's work is reactive (e.g. responding to developer/investor/property owner enquiries) and cannot be programmed. The situation has significantly improved since the appointment of a Project Manager at the beginning of 2009. She has both managed the Market Place and Vennels project extremely effectively and also assisted the Director with project and risk management for the programme as a whole. There is still a capacity problem in this respect, however.
- 4.20 In conclusion, DCV has worked well with its partners in orchestrating solutions to city centre problems and projects and has also received a good level of support from them, especially ONE. Understanding of DCV's role has varied depending upon how closely particular partner organisations have been involved in its range of activities. In governance terms, the informal partnership model has proved fit for purpose and on balance worked well. Board and sub-structures have proved reasonably effective and changes have been made where elements have not worked as well as expected. The DCV team are highly regarded but there are some capacity and other issues which need addressing.

## CHAPTER 5:

### OVERALL ASSESSMENT OF DCV'S PERFORMANCE

#### Introduction

- 5.1 This chapter gives an overall assessment of DCV's performance so far and pulls together the main findings from the previous three chapters. It assesses the approach advocated by the Masterplan and DCV subsequently, whether DCV has achieved its objectives, provided added value both in strategic and project terms and also offered value for money. It concludes by assessing DCV's strengths and weaknesses and whether it possesses some of the vital ingredients of success and sums up its overall performance so far.

#### Has DCV pursued the right approach?

- 5.2 As already noted, the Masterplan set the context for DCV. It created an exciting vision of what Durham should become by 2020, comprehensively assessed the city centre's strengths and weaknesses, presented a wide ranging set of strategies and measures and also analysed the character of distinct quarters of the city and how these might be developed in future. Refreshingly, the document championed smaller, more realisable, developments as well as more ambitious, grandiose, schemes. Prior to the Masterplan, there had been a policy vacuum and a lack of clarity regarding future investment priorities. It therefore provided an agenda for change and highlighted a series of themes and actions that DCV should take up and focus upon. Partners felt that it identified the right general priorities and also highlighted a series of eyesores which presented obvious redevelopment opportunities. However, it did have some shortcomings. The plan has a rather complex structure since it contains so many themes, strategies, other complementary strategies, each supported by long lists of measures. This will mean that evaluating eventual progress in achieving so many actions will be equally involved. The plan's very comprehensiveness also meant that DCV was handed a sizeable and complex task. This presented it with the immediate challenge of defining its precise role, objectives and priorities. Also, the Masterplan was not underpinned by proper market analysis and could be characterised as a spatial/physical rather than an economic Masterplan. While it is good in terms of analysing the problems and broad prescription, in places it is a bit light on how to will the means. There is no clear implementation plan setting out who should do what. Some felt that the plan should have made much more of the knowledge-based economy, given the importance of the University and also said more about what kinds of housing investment should take place and where. In places, the Masterplan's recommendations rest on some shaky assumptions. For example, discussion of the Necklace Park concept refers to its potential to reconnect quite distant and removed former pit villages to the city and also tends to assume that land in the river corridor is in public control.
- 5.3 In order to clarify DCV's role, priorities and rationale for intervention, the Board took the sensible step of commissioning SQW to prepare a Business Plan and Economic Appraisal in October 2007. These two documents complemented the Masterplan and remedied some of its weaknesses. They clarified core partners' understanding of
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their own role and that of DCV and their aspirations. They identified and justified two main types of intervention: 'hard' physical development measures and 'soft' infrastructural measures which would enhance visitor perceptions and experience through events, marketing and communications. They identified 12 top projects that DCV should prioritise in the first three years, the precise role would play in those schemes, related resource requirements and project management arrangements. The documents also clarified whether DCV would play a negotiation/facilitation, design/technical liaison or support/liaison role in each case. Projects were grouped into two main categories: a 'Peninsula package' which focused on improving the visitor experience in the vicinity of the Market Place, Cathedral and Castle and a looser amalgam of projects which would enhance Durham's distinctiveness. All in all, these two documents made DCV's task much clearer and more manageable.

- 5.4 Despite the SQW work and the logic of the holistic approach, DCV has still in our view been expected to do too much. Although there is logic in pursuing both a 'hard' and 'soft' infrastructural approach and clear synergies between DCV's different activities, it is not clear to us why it was necessary to badge and group all of them together under the DCV banner. This applies especially to the Necklace Park Team who have a related, but much wider, remit. In our view, partners should also have been clearer about DCV objectives early on and rationalised the long list of desirables set out in the Masterplan. It was not made clear whether DCV's effectiveness would be assessed in terms of how far it has fulfilled the original vision, tackled themes or met its brief set out in its Memorandum of Understanding or all of those criteria.

#### **Is DCV achieving its objectives?**

- 5.5 For the purposes of this review, we have attempted to combine the main yardsticks and distil them into a limited number of objectives. We assess DCV in terms of whether it has fulfilled its brief to undertake place making activities which boost jobs, floorspace and GDP by:
- recognising Durham's value and distinctiveness and capitalising on its assets;
  - undertaking targeted investment in the public realm;
  - dealing with longstanding eyesores;
  - making the most of the natural environment by reconnecting city and river and its public spaces;
  - creating a thriving retail scene based on niche specialty provision;
  - widening the mix of retail, leisure and entertainment activities by promoting well-designed development;
  - enhancing the city centre experience and the way it is communicated;
  - building a strong partnership between public, private and community sectors and public ownership of improvement plans.
- 5.6 As already noted, this is an ambitious, wide-ranging set of objectives. In assessing progress so far, it must also be remembered that the Team has been in place for just two years. Here, we reflect briefly upon the shape of DCV's programme and mix of activities to date and assess whether there is a good prospect that it will fulfil its objectives. Looking down the list, DCV can report that it has taken action on each count. SQW's economic appraisal work and the business cases for Single Programme funding for the key physical projects showed that if projects are
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implemented as planned that they should create considerable numbers of jobs, a good mix of floorspace and ultimately boost GDP. Programme composition strikes a good balance between making more of Durham's intrinsic qualities and also unlocking its considerable latent potential – the Peninsula package of projects is a good example of this. In terms of public realm, the Market Place and Vennels project will be complemented by the public space element of major projects, implementation of lighting and signage strategies and Necklace Park measures. The DCV's events programme has already exploited the city's public realm to a greater extent than traditionally was the case. DCV projects directly tackle most of the eyesores identified in the Masterplan, save Leazes Road. Least progress has probably been made in terms of the natural environment, not, though, for want of effort by partners but because of the failure of the Heritage Lottery Bid. DCV and partners have since taken steps to retrieve the situation, however, by re-packaging the proposals. Moreover, the Ice Rink and the Market Place and Vennels projects will help improve the links between city and river. Miller Research's research for DCV on retail distinctiveness contained a number of interesting ideas and recommendations but partners, especially the local authority and business interests, do need to decide how best to take these forward, perhaps by going down the BIDs route or by seeking to involve retail entrepreneurs. Claypath, North Road and Old Shire Hall projects promise to widen the mix of retail, leisure and entertainment activities in the city centre. DCV has performed strongly in terms of enhancing the city centre experience owing to its Events Team's activities and achievements. DCV has also built a strong partnership between core partners and as more of its plans become concrete there should be more scope to raise its public profile and communicate more clearly what it is doing.

#### **Has DCV provided added value?**

- 5.7 Regeneration bodies can achieve added value in both strategic terms and also in terms of individual projects. We now consider DCV's performance on each of these.
- 5.8 DCV has provided strategic added value by:
- demonstrating leadership by delivering projects in conjunction with relevant partners, commissioning essential groundwork, acting as an interface between developers and investors and public agencies locally and staging a range of events which have enhanced the city centre experience for both residents and visitors;
  - playing an influencing role by persuading local partners to work together more in tackling city centre problems and grasping opportunities, persuading developers and investors to consider investing in Durham and providing the platform for the DCC-led City of Culture bid;
  - leveraging additional (cash and in kind) resources from partners for city centre projects;
  - achieving synergy by developing an integrated package of projects which complement each other both spatially and thematically;
  - engaging key stakeholders in numerous ways - via Board, Executive and Sub-Groups, project groupings, design competitions and public consultation exercises.

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Table 5.1 provides further details of these different forms of strategic added value.

**Table 5.1 The strategic added value of Durham City Vision**

<b>Strategic leadership and catalyst</b>	<ul style="list-style-type: none"> <li>• provided greater project delivery/project management capacity in the city;</li> <li>• committed to joint working;</li> <li>• commissioned important design and preparatory work (e.g. lighting and signage strategies, design development briefs);</li> <li>• orchestration/networking role in responding to developer/investor/ property owner enquiries;</li> <li>• stressed importance of designing public realm to a high standard and place making;</li> <li>• provided vision which has raised local aspirations;</li> <li>• enhanced city centre experience (events etc.).</li> </ul>
<b>Strategic influence</b>	<ul style="list-style-type: none"> <li>• prompted local interests to face up to city centre challenges and problems;</li> <li>• encouraged partners to see wider picture, what is in city's interests as well as own;</li> <li>• encouraged partners to become more committed to joint working;</li> <li>• given developers/investors confidence to consider investing in Durham;</li> <li>• successful events encouraged DCC to launch City of Culture bid/support expanded programme of events.</li> </ul>
<b>Leverage</b>	<ul style="list-style-type: none"> <li>• procured additional resources through making/advising on funding bids and spending to allocation;</li> <li>• evidence of increased financial/in kind contributions from core partners;</li> <li>• University willingness to act as employer.</li> </ul>
<b>Synergy</b>	<ul style="list-style-type: none"> <li>• peninsula projects reinforce one another;</li> <li>• physical regeneration projects will help to fund lighting, signage, public realm improvements;</li> <li>• events will help to animate public realm;</li> <li>• certain projects will improve/widen offer and also improve gateways into city (North Road/North Place, Claypath);</li> <li>• synergies between Ice Rink/Millburngate House and improved city/river connections, enhanced natural environment.</li> </ul>
<b>Engagement</b>	<ul style="list-style-type: none"> <li>• Market Place/Vennels project featured extensive stakeholder consultation;</li> <li>• Market Place/Vennels effectively project managed, engaged key interests;</li> <li>• effort devoted to maintaining goodwill of core partners.</li> </ul>

5.9 The main types of project added value achieved so far by DCV are set out in Table 5.2. Using a combination of contextual information and stakeholder opinions, it has been possible to highlight instances where it is unlikely that the same progress would have been made in the absence of DCV. Viewing the DCV projects as a whole, the following forms of added value frequently recur:

- success in procuring resources and spending allocations;
- providing a better interface with the private sector and giving it the confidence to invest;
- additional delivery and project management capacity;
- maximising the potential of existing assets (e.g. Peninsula attractions, events);

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- developing innovative projects (e.g. Enlightenment Festival).

**Table 5.2 Project added value**

<b>Strategic Property Acquisitions</b>	<ul style="list-style-type: none"> <li>• made successful business cases for Single Programme funding (Old Shire Hall, North Road, Ice Rink);</li> <li>• control of key Elvet asset, expedition of University Gateway project (Old Shire Hall);</li> <li>• ability to control key development schemes (Old Shire Hall, North Road);</li> <li>• carrying out essential groundwork (commissioning development design briefs - North Road; Ice Rink);</li> <li>• liaison, negotiation with potential users (Ice Rink).</li> </ul>
<b>Market Place and Vennels</b>	<ul style="list-style-type: none"> <li>• vision, boldness to pursue project despite opposition to some aspects of scheme;</li> <li>• made a successful business case for Single Programme funding;</li> <li>• handling project management/co-ordination;</li> <li>• handling extensive public consultation exercises;</li> <li>• mediating stakeholder interests.</li> </ul>
<b>Peninsular Package</b>	<ul style="list-style-type: none"> <li>• advice to partners on Heritage Lottery Fund bid and follow up/joint arrangements concerning Riverbanks Gardens;</li> <li>• see Market Place (part of package);</li> <li>• prepared Single Programme funding bid for WHS Visitor Centre.</li> </ul>
<b>Facilitating development</b>	<ul style="list-style-type: none"> <li>• procuring funding for projects;</li> <li>• co-ordinating preliminary discussions with developers/investors/land owners interested in city centre development schemes;</li> <li>• commissioning and overseeing Masterplan-related strategies and project preparatory work (e.g. design development briefs; lighting/ signage strategies).</li> </ul>
<b>Events</b>	<ul style="list-style-type: none"> <li>• re-branding existing events, extending summer programme;</li> <li>• spearheading/working with partners on exciting new events (e.g. Enlightenment);</li> <li>• success in procuring regional resources (e.g. Culture 10 etc.);</li> <li>• synergy with public realm improvements – Market Place;</li> <li>• leverage of Durham County Council funding for City of Culture bid events programme.</li> </ul>
<b>Necklace Park</b>	<ul style="list-style-type: none"> <li>• see Peninsula package – Riverbanks Gardens;</li> <li>• still at Business Plan stage therefore limited added value so far.</li> </ul>

### Has DCV provided value for money?

- 5.10 It is only possible to offer a preliminary assessment of whether DCV is offering value for money for two main reasons. Most of its projects have not yet been delivered and have not therefore generated outputs and affected outcomes. Most of its early interventions have comprised strategic property acquisitions and these projects will only produce returns in the medium term at best. Here, we focus on the scale of core

costs in relation to the capital programme, extent of private sector leverage and whether the projects are reasonably sound propositions.

5.11 Over the period, 2007/8-2009/10, Team core costs have averaged out at just over £240k per annum. Considering that DCV has secured a total of £26m of funding so far, and is overseeing, an £22m investment programme, we consider that that represents a good return for partners. Public private leverage figures achieved so far by DCV were presented earlier in Chapter 2 (Table 2.3). Even allowing for an element of deadweight in the case of the private sector investment in the Old Shire Hall and Rail Station projects, DCV has so far achieved a good return on public investment in terms of private sector leverage. SQW's economic appraisal showed that lifetime outputs and leverage should be appreciable if everything goes to plan and if the Ice Rink deal comes off, this will represent a significant step to realising them. In each project, we believe that the case for DCV intervention has been strong as discussed in Chapter 3. It is also important to note that all DCV's major projects have sought and obtained Single Programme funding. In each instance, the business case DCV has made to ONE for SP funding has contained a thorough justification, options appraisal and value for money checks. Our main concern is that DCV has not been able to draw upon systematic market analysis as this did not feature prominently in the original Masterplan as already mentioned. Also the DCV programme is underpinned by a general economic appraisal rather than a set of in depth project economic appraisals. That said, even detailed economic appraisals in our experience make assumptions, involve best estimates and can be guilty of optimism bias. Overall, the evidence so far suggests that DCV has provided reasonably good value for money.

**Balance sheet**

5.12 We conclude this overall assessment by setting out DCV's main strengths and weaknesses, gauging to what degree it possesses the critical success factors which have conditioned Urban Regeneration Companies' effectiveness (we have benchmarked DCV against URCs as it shares their philosophy and aims) and offering our overall verdict on its performance so far.

5.13 A summary of DCV's attributes and drawbacks is presented in Table 5:3. What is clear is that the former significantly outweigh the latter both in number and significance. Most of the latter are not fatal flaws and can be addressed.

**Table 5:3: The main strengths and weaknesses of DCV**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strengthened partnership working in city;</li> <li>• Good chemistry with core partners, kept on board;</li> <li>• Good support from partners;</li> <li>• Increased private sector involvement in Board;</li> <li>• Good orchestrator;</li> <li>• Effective project management;</li> <li>• Enthusiastic, dynamic and able Director;</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntaristic model – therefore reliance on partners and vulnerability to changes in their circumstances, cuts in level of funding support, departure of key staff;</li> <li>• Danger of overreach given number of projects, range of responsibilities</li> <li>• Small team – vulnerable to loss of staff;</li> <li>• Shortage of project management, property development capacity;</li> </ul>

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<ul style="list-style-type: none"><li>• Well-regarded team;</li><li>• Liaison with developers/ investors/property owners;</li><li>• Boosted private sector interest, confidence in city centre;</li><li>• Success in procuring resources, sound financial management;</li><li>• Entrepreneurial and innovative Events Team;</li><li>• Good, well integrated set of projects;</li><li>• Good, informative website</li></ul>	<ul style="list-style-type: none"><li>• Lack of political representation on Board and therefore legitimacy;</li><li>• Absence of high profile early 'quick wins';</li><li>• First, most prominent project, has controversial aspects – reputational risks;</li><li>• Public/some non-core partners do not have clear idea what DCV is;</li><li>• Communication, public relations skills could be improved;</li><li>• Gaps in evidence base;</li><li>• Office has some shortcomings.</li></ul>
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5.14 Table 5.5 presents the critical success factors of different URCs. What is immediately evident is that if one compares DCV's strengths with these factors, it possesses many of the necessary qualities to do well and make a real difference to Durham. The only notable critical success factor DCV is missing is that it could market and promote what it does to a greater extent in future. It has just appointed new communication consultants, Admiral PR and Marketing, to help it to do this.

5.15 Summing up, DCV has in our view made a very good start. It has addressed the key challenges identified in the Masterplan in close conjunction with key local organisations, thereby improving joint working. In terms of its projects, it has laid good foundations through strategic acquisition, commissioning key strategies and development design briefs and staging design competitions. Its early interventions and activities have demonstrated both added value and value for money. Its team has performed well, despite being overstretched at times. Having said all this, it does face a number of challenges, not least ensuring delivery of its priority projects. These are explored further in the next, final, chapter of the report.

Table 5.5: Critical Success Factors for URCs

Liverpool Vision (EIUA,2006/08) (SQW, 2005)	New East Manchester (EIUA, 2007)	Sheffield One (EIUA, 2007)	Leicester (DTZ, 2005)	Sunderland arc (EIUA, 2008)	Derby Cityscape (EIUA, 2009)	Nottingham Regeneration Limited (proto-URC) (EIUA, 2009)
<p><b>Vision/ strategic focus</b></p> <ul style="list-style-type: none"> <li>Strategic focus - objectives and priorities</li> </ul> <p><b>Strong partnership working</b></p> <ul style="list-style-type: none"> <li>Partner roles communicated/ understood</li> <li>Increasing co-operation between partners, alignment of programmes</li> <li>Formal declaration of commitment from partners</li> </ul> <p><b>Strong leadership</b></p> <ul style="list-style-type: none"> <li>Leadership - necessary leverage</li> </ul> <p><b>Promotion/ marketing</b></p> <ul style="list-style-type: none"> <li>Promotion/ marketing of developments</li> </ul> <p><b>Commitment to quality design</b></p> <ul style="list-style-type: none"> <li>Quality benchmarks - e.g. public realm</li> </ul> <p><b>Levering funding</b></p> <ul style="list-style-type: none"> <li>Funding coordination</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Influence planning</li> <li>Independence</li> <li>Commercial awareness</li> <li>Ongoing monitoring</li> </ul>	<p><b>Vision/ strategic focus</b></p> <p>Long term perspective</p> <ul style="list-style-type: none"> <li>Sharper area focus, identity</li> </ul> <p><b>Masterplanning</b></p> <ul style="list-style-type: none"> <li>Greater partner commitment, use of powers</li> </ul> <p><b>Strong partnership working</b></p> <ul style="list-style-type: none"> <li>Political support, prioritisation</li> <li>'Can do', supportive local authority</li> </ul> <p><b>Good staff</b></p> <ul style="list-style-type: none"> <li>Experienced staff team</li> </ul> <p><b>Levering funding</b></p> <ul style="list-style-type: none"> <li>Coherent investment framework</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Integration of social and economic regeneration programmes - synergy</li> <li>Assisting private sector investment</li> <li>Community engagement, improved morale</li> <li>Arms-length body</li> </ul>	<p><b>Vision/ strategic focus</b></p> <ul style="list-style-type: none"> <li>Vision</li> <li>Focus on deliverable physical projects</li> </ul> <p><b>Masterplanning</b></p> <ul style="list-style-type: none"> <li>Visionary masterplan</li> </ul> <p><b>Strong leadership</b></p> <ul style="list-style-type: none"> <li>Excellent leadership (e.g. LA Chief Executive)</li> </ul> <p><b>Good staff</b></p> <ul style="list-style-type: none"> <li>Good staff</li> </ul> <p><b>Strong Board</b></p> <p>Powerful Board</p> <p><b>Levering funding</b></p> <ul style="list-style-type: none"> <li>Good financial management-alignment of funding programmes (e.g. Objective 1)</li> </ul> <p><b>Programme and project management</b></p> <ul style="list-style-type: none"> <li>Good programme &amp; project management</li> </ul>	<p><b>Strong partnership working</b></p> <ul style="list-style-type: none"> <li>Expectations of partners made clear</li> <li>Delineation of roles and responsibilities</li> <li>Sustained political backing</li> <li>Support, commitment of key partners, use of relevant powers</li> </ul> <p><b>Good staff</b></p> <ul style="list-style-type: none"> <li>Staff capacity, competitive package</li> </ul> <p><b>Strong Board</b></p> <ul style="list-style-type: none"> <li>Strategic Board with clout</li> </ul> <p><b>Programme and project management</b></p> <ul style="list-style-type: none"> <li>Good programme as well as project management, risk assessment</li> <li>Robust delivery/ Business Plan</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Sound market assessment</li> <li>Delivering on time - instils confidence</li> </ul>	<p><b>Vision strategic focus</b></p> <ul style="list-style-type: none"> <li>Focusing attention on key transformational projects</li> <li>Vision: longer term, more strategic perspective</li> </ul> <p><b>Commitment to quality design</b></p> <ul style="list-style-type: none"> <li>Commitment to quality buildings and urban design</li> </ul> <p><b>Increasing developer confidence</b></p> <ul style="list-style-type: none"> <li>Competitions attracting a strong field and quality schemes.</li> </ul> <p><b>Levering funding</b></p> <ul style="list-style-type: none"> <li>Aligning priorities with those of key funders to improve the prospects of partner backing and leveraging in additional resources.</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Improving transport infrastructure between key sites and rest of region</li> <li>Good fit with national and regional regeneration strategies/agendas</li> <li>Good use of consultants</li> </ul>	<p><b>Vision/ strategic focus</b></p> <ul style="list-style-type: none"> <li>Lead on vision</li> <li>Focus on city centre</li> </ul> <p><b>Masterplanning</b></p> <ul style="list-style-type: none"> <li>Lead on Masterplanning</li> </ul> <p><b>Strong partnership working</b></p> <ul style="list-style-type: none"> <li>Promoting partnership working</li> <li>Closely engaging with RDA and EP</li> </ul> <p><b>Promotion/ marketing</b></p> <ul style="list-style-type: none"> <li>Raising the city's profile</li> </ul> <p><b>Commitment to quality design</b></p> <ul style="list-style-type: none"> <li>Championing quality design, public realm and raising standards</li> </ul> <p><b>Increasing developer confidence</b></p> <ul style="list-style-type: none"> <li>Helping increase developer confidence/ interest in investing in city centre for first time</li> </ul> <p><b>Levering funding</b></p> <ul style="list-style-type: none"> <li>Procuring additional resources</li> </ul> <p><b>Programme and project management</b></p> <ul style="list-style-type: none"> <li>Project co-ordination</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Tapping potential of neglected parts of city centre</li> </ul>	<p><b>Vision/strategic focus</b></p> <ul style="list-style-type: none"> <li>Strategic role in Science City and Regeneration Zones</li> </ul> <p><b>Masterplanning</b></p> <ul style="list-style-type: none"> <li>Comprehensive Masterplanning and feasibility studies</li> </ul> <p><b>Strong partnership working</b></p> <ul style="list-style-type: none"> <li>Locally rooted with history of successful regeneration</li> <li>Good partner relations developed over time</li> </ul> <p><b>Strong leadership</b></p> <ul style="list-style-type: none"> <li>Strong and focused leadership</li> </ul> <p><b>Good staff</b></p> <ul style="list-style-type: none"> <li>Strong team, well regarded locally</li> </ul> <p><b>Promotion/ marketing</b></p> <ul style="list-style-type: none"> <li>Marketing and communications activity</li> </ul> <p><b>Commitment to quality design</b></p> <ul style="list-style-type: none"> <li>Promotion of urban design</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>Independence</li> </ul>

## CHAPTER 6:

### WHERE NEXT?

- 6.1 In this concluding chapter, we assess the main outstanding challenges facing DCV and partners, the implications for DCV and set out our key policy lessons and recommendations.

#### Outstanding Challenges

- 6.2 DCV is on the verge of delivering a number of significant and exciting projects. Executing these successfully will be essential if it is to cement its good reputation amongst partners and also convince those in the city of a conservative disposition that the changes advocated by DCV are required and can benefit the city centre. However, DCV will have to do so in a more challenging economic climate. DCV has been fortunate to receive generous funding support from the regional development agency but ONE is being forced to make budgetary cuts and may not be able to continue to support DCV to the same extent in the medium term. That raises the question of whether other partners are going to step into the breach. Also, the RDA is coming under increased pressure to secure short term gains and focus on creating jobs and reclaiming land which may reduce its ability to take a more holistic view of regeneration.
- 6.3 The city centre has also been affected by the Credit Crunch. Although Durham has not been hit as hard as other parts of the county and region, as our socio-economic baseline update shows (Appendix 1), the Crunch has in the last couple of years impacted on levels of unemployment, wages, retail yields and house prices in the city. As national research on the Credit Crunch has shown, some sectors have been affected more than others and more marginal regeneration projects are likely to prove even harder to get off the ground<sup>7</sup>. In DCV's case, private sector-led schemes in fringe areas may be affected in the short term (e.g. North Road, Claypath) unless good anchor developments can be secured whereas those where public sector organisations are closely involved (e.g. Peninsula Package, Ice Rink, Millburngate House) are less likely to be affected. That said, increasing pressure upon public finances in the medium term could also affect the latter.
- 6.4 The other key change in the wider environment has been the creation of the new unitary authority, Durham County Council, following the Local Government Review. This affects DCV in a number of ways. There is the question of how DCV will relate to the new council, its emerging structures and policies. As previously discussed, DCV has in the past received a lot of support from both City Council and County Council personnel and until new structures are in place and appointments, there will inevitably be associated uncertainty and disruption. For DCV and partners, the challenge is to maintain continuity of support and momentum in the face of change. A crucial question is how the new unitary views Durham in policy terms and how DCV's activities will fit with wider ambitions, strategies and policies for the city and county as a whole. A related issue is whether existing institutional arrangements and the division of functions and roles between the relevant organisations remain fit for purpose or need to be reviewed and possibly changed.

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<sup>7</sup> The Credit Crunch and Regeneration: Impact and Implications for Regeneration. Report to Department of Communities and Local Government. M. Parkinson et al., European Institute for Urban Affairs, Liverpool John Moores University. 2009.

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- 6.5 In our view, there is a gap between the lofty ambitions of the Masterplan and the scale and impact of DCV's programme, notwithstanding the Team's achievements and good track record so far. The economic appraisal showed this. In our opinion, the Masterplan underplays both the extent of retail competition facing Durham and the openness of its economy, since substantial numbers of workers both commute into and out of the borough. Also our analysis shows that Durham work-placed and residence-based earnings have recently not kept pace with the region and England (see Appendix 1). If physical measures are to achieve the wider economic benefits that DCV hope and allege, we contend that they will need to be buttressed by a strong set of measures to grow Durham's economy and its population, improve its range of attractions and create the necessary supporting infrastructure. That will require wider policy debate and change. It may, for example, be appropriate to invite the HCA to play a more active role in DCV if its schemes contain a greater residential component in future. These issues also raise a more fundamental question: what sort of city do the leaders and people of Durham want in future?
- 6.6 Finally, as discussed in the previous chapter, DCV and partners face the challenge of maintaining and consolidating upon its many strengths and also addressing of its inherent weaknesses. The latter essentially include:
- considering how to give DCV greater legitimacy through some form of political representation on the Board;
  - strengthening the team and placing it on a more permanent footing;
  - communicating more clearly what DCV is about and what it is doing.

#### **Implications for DCV**

- 6.7 So what are the implications for DCV? This question has two aspects to it. First, we examine whether the current regeneration model remains fit for purpose given changes in both circumstances and the mix of existing and new challenges. Second, we consider whether DCV should maintain its current role and responsibilities and also look at its relationship with the new unitary and other bodies.
- 6.8 Discussion with stakeholders suggested to us that DCV and partners have three main options: maintain the current informal partnership model, seek to create a more formal organisation with greater independence and possibly more powers or incorporate DCV within the new unitary council's economic development and regeneration machinery. Each had its advocates. However, the majority favoured the first option, provided that some adjustments are made to the current arrangements.
- 6.9 On balance, we agree. There is a lack of compelling evidence to suggest that the current informal partnership model has either broken down or is no longer valid. It is imperative that DCV gets on with the delivery job and does not get distracted by structural changes. Also, there is considerable merit in maintaining organisational stability in the face of wider challenges and changes associated with the Credit Crunch and local government restructuring. The informal model retains significant advantages. DCV has had the virtue of securing stakeholder involvement and buy in, remaining independent and at arm's length from any single partner and it has got things done. The informal model also has inherent financial and organisational advantages such as exemption from VAT, cash flow advantages and ability to use local authority systems as discussed in Chapter 4.
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- 6.10 Conversely, the alternatives have drawbacks. If DCV became a formal company limited by guarantee, setting up the appropriate systems and procedures would take up valuable time. Incorporating DCV within the County Council at the present time might also take time and impede delivery as the council already has a lot on its plate. Its newly appointed senior staff are currently pre-occupied with creating new organisational structures and systems, appointing staff, discussing accommodation issues and deciding what to do with the various assets it has inherited from the former five district authorities. Also, some prefer arm's length arrangements for delivering regeneration projects because they see local authorities as having wider service responsibilities and as bureaucratic organisations not able to take decisions quickly. Some suggested that there may be a virtue in revisiting DCV's relationship with the unitary in a few years' time once the new authority has settled down and fully established itself.
- 6.11 As this report has shown, DCV was given a very ambitious, wide-ranging brief at the outset. It has proved subsequently proved very challenging for a small team to advance simultaneously on so many fronts. Now that DCV has embarked on the delivery phase, the Team will come under even more pressure. In our view, it should concentrate on delivering the physical projects and other partners should take the lead in delivering complementary aspects of the Masterplan. DCV has rightly taken a holistic approach and shown that there are strong synergies between the different aspects of its work. However, it should be possible to achieve these without those functions necessarily being based in the DCV office or being badged as part of DCV, provided good working relationships are maintained between DCV and relevant partner organisations. Indeed, we understand that the decision has just been taken to base the Events Team with the County Durham Tourism Partnership in future in order to facilitate creative planning for the whole county and also bring together personnel working on the City of Culture bid and related preparatory activities.
- 6.12 Turning to the question of DCV's relationship with other bodies, we believe that three issues need addressing. One is political representation. DCV has always been faced with a dilemma in this respect. Although there has always been local authority officer representation on Board and Executive and latterly the local Member of Parliament has been invited to Board meetings in an observer capacity, DCV has been reluctant to involve local politicians for fear that it might become enmeshed in party politics especially after City and County Councils took on a different political hue when the Liberal Democrats gained control of the city from Labour in 2003. On the other hand, some have questioned DCV's legitimacy, especially those who are opposed to some of its proposals. With the ending of two tier local government and signs of an emerging political and policy consensus concerning Durham's role as a driver of the county's economy and gateway to its attractions, it may be an opportune time to invite a leading politician, such as the Cabinet Member for Regeneration, onto the Board. If a representative from the new unitary council was granted a seat, this would boost DCV's legitimacy and add weight to Board decisions.
- 6.13 The second issue is how DCV should relate to the unitary. As its new Corporate Director of Regeneration and Economic Development now sits on its Board, there are good links to the Council's Senior Management Team and to its planning and economic development functions. DCC has just set up Area Action Partnerships designed to engage a wide variety of local bodies, councillors, community and voluntary groups and members of the public in identifying and tackling local issues. One covers Durham City and surrounding villages. From time to time, DCV has mistakenly been seen by members of the public as being responsible for various city centre services. It will be important in future to establish a link with Durham Area Action Partnership in order to share common issues, refer on queries and dovetail actions.
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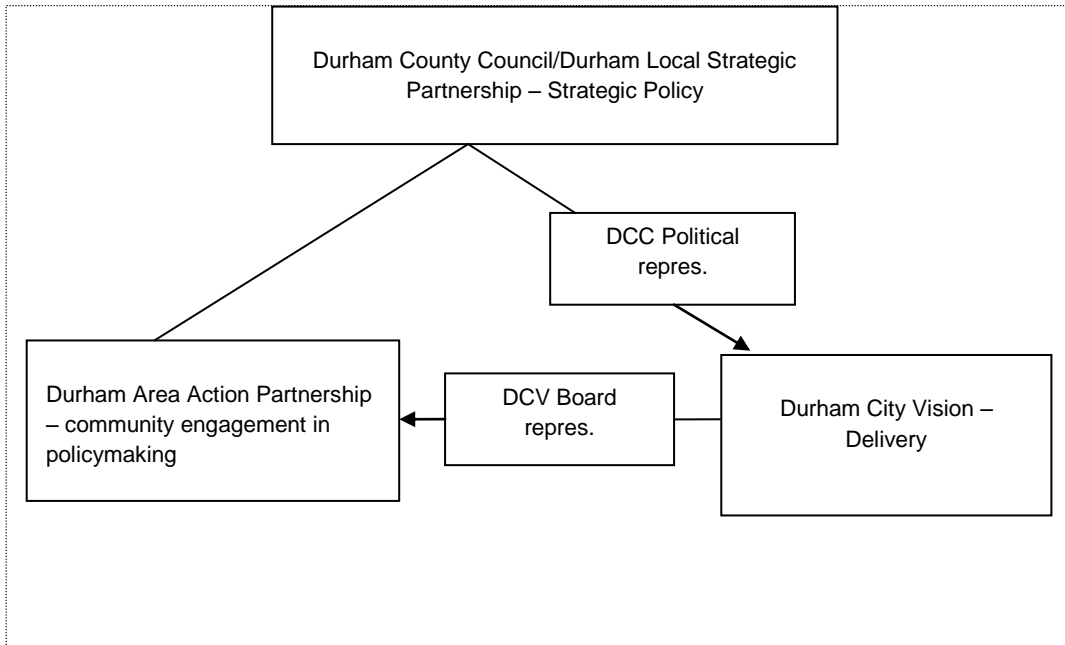
We understand that a DCV Board member has expressed a willingness to serve on the DAAP Board. Such links will also enable DCV to tap into local issues of concern and the DCAP could also prove a mechanism for DCV to carry out local soundings on matters of mutual interest. Figure 6.1 illustrates how DCV could be embedded within Durham County Council's structures.

- 6.14 The final issue is the question of whether HCA should be involved more closely in DCV's affairs. Hitherto, the HCA has not been given the opportunity to sit on the Board because DCV projects do not contain a significant residential component. If this situation were to change, there may be a case for inviting the HCA to join the Board.

**Policy lessons and recommendations**

- 6.15 We conclude this report with a brief set of policy lessons and action points. DCV has made a very promising start. It has proved successful because it has worked well with partners, understood their respective agendas and constraints and also worked hard to keep them on board. It has also received a lot of support from partners in terms of both cash, especially ONE, and also in kind. It has not only successfully procured resources but spent to allocation. Although DCV has sought to deliver a wide ranging programme, it has been able to demonstrate synergies between the different elements. The Business Plan and Economic Appraisal work carried out by SQW helped it to focus on a more limited and manageable number of projects.

**Figure 6.1 Relationship of DCV to other Durham County Council structures**



6.16 We recommend the following action points in order to help DCV and its partners to build on what it has already achieved. The first set are addressed to all partners, the second to DCV.

6.17 All partners should:

- consider ways of growing the economy by attracting major inward investors, fostering more competitive businesses (by, for example, working with the University to improve business incubation facilities for spin out companies and other new businesses in the city), providing more opportunities for local suppliers and by creating additional residential opportunities;
- consider ways in which to boost the supply of affordable retail/office space in the city centre;
- seek to strengthen the tourism offer further by packaging existing attractions more effectively, improving transport links between them, enhancing conference facilities and improving marketing at major arrival points such as the rail station;
- seek to boost support for city centre retailers possibly via the BIDs mechanism and encourage retail entrepreneurs such as restaurateurs to invest in the city;
- examine the division of responsibilities between organisations involved in regeneration once the Unitary authority has had time to settle down.

6.18 DCV should:

- prioritise those projects which are either furthest advanced or appear to have the best likelihood of proceeding in the near future, namely Market Place and Vennels, Peninsula Package, Ice Rink and Millburngate House;
- assess the implications of the Credit Crunch for the timing and content of private sector-led schemes, namely North Road and Claypath;
- raise its public profile and provide a clearer narrative explaining what it is about, by alluding to its emerging development projects;
- make more of the Elvet Quarter's potential as an area for restaurants, niche retailers, galleries, hotels and related uses;
- consider widening Board membership by inviting the DCC to nominate a political representative and also inviting the HCA to join if and when appropriate;
- clarify Board and Executive Group members' roles and responsibilities;
- strengthen the team, especially in terms of project management and property development capacity and skills;
- focus on physical development while ensuring that partners commit to delivering complementary aspects of the DCV Vision;
- embed DCV within wider structures relating to Durham city centre such as Durham Area Action Partnership.

**APPENDIX 1:**  
**DURHAM CITY SOCIO-ECONOMIC BASELINE UPDATE**  
**– SUMMARY FINDINGS**

**Introduction**

This appendix presents a digest of selective data relating to Durham City and where possible the city centre and DCV's remit. Where data permits, we have sought to present information over the same time period to that of DCV. Although the data cannot be used to assess DCV's impact as it is too soon to tell (as most of its key projects have yet to be implemented), it may alert DCV and partners to significant changes in the wider context in which it operates. In many instances, there is a need to supplement Durham City data with more city centre-specific information.

**Population**

- Durham City's population was estimated to be 94,300 in 2007 (up from 88,300 in 2002).
- Students make up a significant proportion of the city's population. Durham's student population was 16,275 during 2007-08. The population of the city core is reckoned to be of the order of 40,000.
- Students influence the age composition of the city's population. 15.2% of Durham's population was aged between 20-24 in 2007 – double that of the county and regional averages for the same age group (7.5% for County Durham and 7.3% for the North East).

**Employment & Unemployment**

- Between **October 2007 and September 2008** Durham's **employment rate** was 69.5%, lower than the county (72.9%), regional (71%) and English average (74.5%). This may again be a result of the large student population residing within the city. Chester-Le-Street was the best performing local authority area in the county, with an employment rate of 81.4%.
- In **April 2007** Durham's **unemployment rate** was 1.4%, the lowest of all the local authority areas in County Durham. This was lower than the county (2.3%), regional (3.3%) and national (2.4%) averages. Within Durham City, the wards with the highest rates of unemployment were Brandon (3.1%) and New Brancepeth and Ushaw Moor (2.7%). The wards with the lowest unemployment rates were St Nicholas (0.1%) and Neville's Cross (0.2%)
- The current economic downturn has had an impact upon unemployment rates. Durham's unemployment rate **doubled between April 2007 and April 2009** (from 1.4% to 2.9%). But this remains lower than the county (4.9%), regional (5.4%) and national (4.1%) averages. Within Durham city, the wards with the highest unemployment rates are New Brancepeth and

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Ushaw Moor (5.5%), Brandon (4.9%) and Pelaw and Gilesgate (4.9%). Those with the lowest rates are St Nicholas (0.3%) and Elvet (0.4%).

### Property Prices

- Although there has been a substantial reduction in Durham's average house prices during the past 12 months, this has been in line with regional and national averages (see Table 1). Durham's average house price has fallen by over £20,000 from its peak of £119,131 in April 2008 to £98,517 in April 2009 - a 17.3 per cent decrease. This was an identical percentage decrease to the regional average and was only slightly more than the national average, which saw a decrease of 16.2 per cent, over the same period. In terms of house 'types,' Durham's price rate changes have remained consistent with that of the North East as a whole, across all types of housing.

**Table 1: Average house prices 2007-2009**

Location	Average House Price (£) April 2007	Average House Price (£) April 2008	% change April 2007-April 2008	Average House Price (£) April 2009	% change April 2008-April 2009
Durham	£114,447	£119,131	+4.1%	£98,517	-17.3%
North East	£127,848	£129,103	+1%	£106,769	-17.3%
All England & Wales	£178,273	£182,557	+2.4%	£152,898	-16.2%

Source: Land Registry

### VAT Stocks

- There were 1,800 VAT registered businesses in Durham during 2007, up from 1,550 in 2002, a 16.1 per cent increase over the five year period. This increase in VAT registered enterprises during 2002-7 was higher than that of County Durham (14.7%), the North East (11.7%) and England (14.5%).
- Despite this increase in overall VAT stock levels, as a proportion of the areas population, Durham's rate of VAT registered enterprises per 10,000 population lags behind its comparator areas. For instance, in 2007 there were 191 VAT registered enterprises per 10,000 of Durham's population. For County Durham as a whole the rate was 215. It was 203 for the North East and 339 for England.

**Table 2: Durham & Selected Areas VAT Stock 2002-2007**

Location	VAT Stocks 2002 (thousands)	VAT Stocks 2007 (thousands)	% change 2002-2007
England	1,553,380	1,735,690	14.5%
North East	45,595	52,275	11.7%
County Durham	9,465	10,835	14.7%
Durham	1,550	1,800	16.1%

Source: VAT registrations/de-registrations by industry

**Table 3: Durham & Selected Areas VAT Stock per 10,000 of population 2002-2007**

Location	VAT Stocks 2002 (thousands)	VAT Stocks 2007 (thousands)	% change 2002- 2007
England	312.9	339.7	8.6%
North East	179.4	203.8	13.6%
County Durham	191.8	214.6	11.9%
Durham	175.5	191	8.8%

Source: VAT registrations/de-registrations by industry

### Shopping Centre Yields

- Durham's shopping centre yields compare favourably to other centres within the region, indicating that it is a relatively attractive shopping location for investors. In July 2007 it was the best performing centre in County Durham and the second best performing centre in the whole of the North-East (scoring 5), just behind Newcastle (scoring 4.5).

**Table 4: Shopping Centre Yields – Durham & selected North East locations**

Location	April 2002	July 2006	July 2007	July 2008
Durham	6	5.5	5	5
Bishops Auckland	8	6.5	6	7
Chester-Le-Street	8	8	7.5	8.5
Middlesbrough	5.5	6	5.5	5.5
Newcastle	4.75	4.75	4.5	4.5
Sunderland	5.5	6	5.5	5.5
Hexham	8	8	7.5	8

Source: VOA

### Rents

- Durham has experienced much larger increases in its 'Type 1' retail and office rental values over the past five years than its comparator areas in the North East (Tables 5 and 6).
- Annual retail premises rental values increased by 40 per cent in Durham between 2002 and 2007. These were far higher increases than that witnessed in Newcastle (2.9%), Hexham (4.4%), the Metrocentre (0%) and also Middlesbrough (which increased by 25.9%).
- Office rental values increased by yet more in Durham, up by 57.9 per cent between 2002 and 2007. Other areas in the North East again experienced much lower increases: 7.5 per cent in Newcastle; 25 per cent in Sunderland; and 25.9 per cent in Teesdale.

**Table 5: Retail Rental Values**

Location	£/m <sup>2</sup> annual Type 1 Spring 2002	£/m <sup>2</sup> annual Type 1 July 2007	% Change 2002-07
Newcastle	£3,500	£3,600	2.9%
Hexham	£455	£475	4.4%
Metrocentre	£3,500	£3,500	0%
Middlesbrough	£1,350	£1,700	25.9%
Durham	£1,000	£1,400	40%

Source: VOA

**Table 6: Office Rental Values**

Location	£/m <sup>2</sup> annual Type 1 Spring 2002	£/m <sup>2</sup> annual Type 1 July 2007	% Change
Newcastle	£200	£215	7.5%
Sunderland	£80	£100	25%
Durham	£95	£150	57.9%
Teesdale	£135	£170	25.9%

Source: VOA

## Floor Space

- In April 2007, Durham City had a total of 189,000m<sup>2</sup> of retail floor space and 215,000m<sup>2</sup> of office floor space. By April 2008, this had risen to 194,000m<sup>2</sup> of retail floor space (a 2.6% increase) and 216,000m<sup>2</sup> of office floor space (a 0.5% increase).
- 
- Durham's growth in retail floor space, between 2007 and 2008 was above both the county average (1.9%) and the regional average (0.7%). Its growth in office floor space was below that of the county (+1.5%) and regional average (+1.3%) over the same period.

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**Table 7: Retail & Office Floorspace**

Location	Retail Floor space m <sup>2</sup> /000s April 2007	Retail Floor space m <sup>2</sup> /000s April 2008	% Change in Retail Floor Space 2007-2008	Office Floor Space m <sup>2</sup> /000s April 2007	Office Floor Space m <sup>2</sup> /000s April 2008	% change in Office Floor Space 2007-2008
North East	5,151	5,189	+0.7%	3,920	3,969	+1.3%
County Durham	781	796	+1.9%	524	532	+1.5%
Durham	189	194	+2.6%	215	216	+0.5%
Chester Le Street	64	60	-6.3%	27	33	+22%
Derwentside	128	129	+0.8%	51	52	+2%
Easington	128	140	+9.4%	98	96	-2%
Sedgfield	104	105	+1.0%	66	66	0%
Teesdale	28	28	0%	14	14	0%
Wear Valley	140	140	0%	53	55	3.8%

Source: Commercial & Industrial Floorspace & Rateable Value Statistics

## Earnings

### Residence Based Earnings

- In 2002, Durham had a higher average resident weekly pay (of £403) than that of County Durham (£340), the North East (£343) and England (£347).
- Over subsequent years, however, Durham has experienced much lower growth rates in residence-based earnings. Between 2002 and 2008, Durham's average residence based weekly wage grew by just 1.5%. This was much less than the growth experienced for County Durham as a whole (20%); the North East (23%) and England (22%). Durham even saw a decrease in its residence based weekly wage between 2007 and 2008, of -3%. This contrasted to the steady growth experienced in County Durham (+2%), the North East (+5%) and England (+4%).
- As in 2002, Durham continued to have a higher average weekly residence-based wage in 2007 (£422) than that of County Durham (£400) and the North East (£401). It had, however, fallen behind the English average, which was £464 in 2007.
- 2008 saw a reversal of the 2002 & 2007 residence-based average wage figures. Durham's average was now equal to that of the County Durham average (£409), whereas it had fallen behind the North-East average (£422) as well as England's (£484).

**Table 8: Residence-based, median gross weekly pay for full time workers, 2002-08**

Location	2002 Resident Weekly Pay (£)	2007 Resident Weekly Pay (£)	2008 Resident Weekly Pay (£)	2002-2008 % change	2007- 2008 % change
England	£397	£464	£484	+22%	+4%
North East	£343	£401	£422	+23%	+5%
County Durham	£340	£400	£409	+20%	+2%
Durham	£403	£422	£409	+1.5%	-3%

Source: Annual Survey of Hours & Earnings

### Work Based Earnings

- As with residence-based wages, workplace-based earnings have also increased at a lower rate in Durham than in comparator locations. While Durham experienced a 9% growth in average weekly work place based earnings between 2002-08, the growth figure during that period was higher for County Durham (17%), the North East (22%) and England (22%).
- Durham's average weekly work based weekly wage stood at £381 in 2002 – higher than that of County Durham (£331) and the North East (£345), but lower than England (£397).
- In 2007, Durham continued to have a higher workplace-based wage (£409) than County Durham (£388) and the North East (£404), but remained lower than the English average (£464).
- By 2008, Durham's average workplace-based wage (£414) had also fallen behind the North East average (of £421) in addition to the English average (of £483). However, it remained above the County Durham average (£388).

**Table 9: Workplace-based, median gross weekly pay for full time workers, 2002-08**

Location	2002 Work-place Weekly Pay (£)	2007 Work-place Weekly Pay (£)	2008 Work-place Weekly Pay (£)	2002- 2008 % change	2007- 2008 % change
England	£397	£464	£483	+22%	+4%
North East	£345	£404	£421	+22%	+4%
County Durham	£331	£388	£388	+17%	0%
Durham	£381	£409	£414	+9%	+1%

Source: Annual Survey of Hours & Earnings

### Comparing residence-based earnings and workplace-based earnings

- Between 2002 and 2008, Durham experienced a shift in the ratio between residence- based weekly wages and workplace-based weekly wages.
- Durham’s resident based weekly wages were £22 higher than work place wages in 2002, indicating that some of Durham’s higher earning residents were probably commuting out of the city to work elsewhere. This figure was more than double that of the county average, which saw a £9 difference between resident-based weekly earnings and workplace-based earnings.
- By 2007 Durham’s gap between its resident and workplace-based weekly earnings had reduced to £13 (almost identical to the county average of £12), and by 2008 workplace-based earnings had grown above residence-based earnings, and were £5 higher. In contrast, the county average saw residence-based earnings growing to £21 higher than work based earnings (see Table 10).

**Table 10: Resident-based v Work-based earnings – Durham & County Durham 2002-08**

Location	2002 Resident Weekly Pay (£)	2002 Work-place Weekly Pay (£)	2007 Resident Weekly Pay (£)	2007 Work-place Weekly Pay (£)	2008 Resident Weekly Pay (£)	2008 Work-place Weekly Pay (£)
County Durham	£340	£331	£400	£388	£409	£388
<i>Difference</i>	<i>Resident higher than work-place by £9</i>		<i>Resident higher than work-place by £12</i>		<i>Resident higher than work-place by £21</i>	
Durham	£403	£381	£422	£409	£409	£414
<i>Difference</i>	<i>Resident higher than work-place by £22</i>		<i>Resident higher than work-place by £13</i>		<i>Work place higher than resident by £5</i>	

Source: Annual Survey of Hours & Earnings

### Commuting Patterns

- According to the 2001 census, just over 47,000 people stated that they worked in the Durham local authority area. Of these, 49% were Durham residents and 51% lived outside Durham and travelled into the local authority area to work.
- In 2001, 62% of Durham’s resident working population worked within the Durham local authority area. Of the remaining working resident population, 34% worked within the North East, with the most popular working destinations, among this cohort, being Sunderland (6.6%), Sedgefield (5.1%), Newcastle (3.9%) and Gateshead (3.2%). A further 4% of Durham’s working population travelled to work elsewhere in the UK and/or abroad.
- Table 11 reveals the distance travelled by Durham residents to their place of work. Nearly two thirds (65.1%) travelled less than 10km to work, while nearly one sixth (15.6%) of Durham’s residents travelled more than 20km to work.

**Table 11: Distance Travelled to Work by Durham Local Authority Residents**

Distance Travelled (km)	Number of people (and % of total)
Working at or from home	2,872 (7.8%)
Less than 2km	7,111 (19.3%)
2km to less than 5km	7,662 (20.7%)
5km to less than 10km	6,406 (17.3%)
10km to less than 20km	6,022 (16.3%)
20km to less than 30km	3,653 (9.9%)
30km to less than 40km	732 (2%)
40km to less than 60 km	150 (0.4%)
60km and over	1,201 (3.3%)
Other	1,117 (3%)
<b>Total Working Population</b>	<b>36,926 (100%)</b>

Source: All working people by distance travelled to work

### Commuting Patterns – How does Durham compare to other areas?

- Durham has some distinct work migration patterns, in comparison with other County Durham local authority areas (see Table 12).
- Durham clearly has a higher total workplace population (54%) as a proportion of its general resident population than its comparator locations: Derwentside's and Easington's workplace population stand at 29% and Sedgfield stands at 37%. Durham University is a key factor at play here.
- In relation to work migration flows, Durham again stands apart from its comparator locations. Interestingly (and as noted above) Durham's total workplace population is very evenly split between its resident working population (49%) and those who in-migrate to work in Durham from other areas (51%).
- This is not the case in other County Durham locations, which all have a much higher proportion of resident workers making up their total workplace population, and in contrast have much lower proportions of workers who in-migrate to work, from other areas.

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- For instance, while Durham residents make up 49% of the Durham LA total workplace population; in Derwentside this figure stands at 77%; Easington has 69% and Sedgfield has 63%.
- 51% of Durham's workplace population commute to work from outside the LA area. This is much higher than that of other County Durham LA areas. Derwentside's figure stands at 23%, while Easington's is 31% and Sedgfield 37%.

**Table 12: Durham & selected County Durham comparator areas commuting patterns, 2001**

Location	Total Population	Total Workplace Population (total number & as % of total population)	Resident Working Population (total number & as % of total workplace population)	Working Population entering from outside local authority area (total number & as % of total workplace population)
Durham	87,000	47,123 (54%)	22,871 (49%)	24,252 (51%)
Derwentside	85,000	24,581 (29%)	18,943 (77%)	5,638 (23%)
Easington	94,000	27,422 (29%)	18,806 (69%)	8,616 (31%)
Sedgfield	85,000	31,661 (37%)	19,855 (63%)	11,806 (37%)

Source: Census 2001: UK Travel Flows (Local Authority)

## Tourism

### Value & Volume

- According to the 2007 STEAM (Scarborough Tourism Economic Activity Monitor) report, tourism was estimated to be worth approximately £650m annually to County Durham in that year.
- The vast majority of visitors to the county are day visitors – 16,452 during 2007, compared to 1,523 overnight visitors
- In 2007, approximately 10,300 jobs (full time equivalents) were supported by direct tourism expenditure in County Durham and a further 2,600 jobs were supported by indirect revenue from tourism.
- As Table 13 shows, overnight tourist number increased by nearly 8% between 2006 and 2007. This was matched by similar percentage increases in total revenue from tourism (up 9.5%) and the number of direct full-time jobs supported by tourism in the county (up 8%).

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- There are approximately 92 visitor attractions in the county with Durham Cathedral being the most visited, with 608,000 visitors and worshippers (County Durham Area Management Tourism Plan, March 2009).

**Table 13: County Durham Visitor Numbers & Revenue 2003-2007**

Year	Overnight Tourists (thousands)	Day Tourists (thousands)	Total Revenue (millions)	Direct FTE Supported
2006	1,411	16,483	600,000	9,624
2007	1,523	16,452	657,000	10,390
<b>% change 2006-2007</b>	+7.9%	-0.2%	+9.5%	8%

Source: 2006 & 2007 County Durham STEAM reports

### Performance

The County Durham Area Management Plan (2009) provides an overview of the tourism product in County Durham. It identifies a number of areas for improvement and gaps in the existing tourism market within County Durham. For instance:

- **Quality of existing attractions:** several are good value for money and a good experience but often the quality is varied. Seasonality is also an issue for visitor attractions. Approximately 20% of attractions close during the winter and a further 20% operate reduced opening hours/days.
- **Serviced accommodation:** in the county, with some exceptions, is not internationally competitive and does not have a distinctive or luxury offer.
- **Food and Beverage:** with some exceptions, food and beverage offer across the county is of average quality. There is a critical mass in tourism 'honeypots', especially Durham City.
- **Entertainment:** provision of entertainment facilities is sparse.
- **Conference Facilities:** accommodation for delegates is an issue – there is a lack of 'corporate' quality accommodation available.

**APPENDIX 2: INTERVIEWEES**

- Roberta Blackman-Woods, Member of Parliament, City of Durham.
- Martin Boulton, Durham County Council.
- Reverend Canon Rosalind Brown, Durham Cathedral.
- Kevan Carrick, Partner, JK Property Consultants.
- Louise Davis, Head of Tourism, One North East.
- Ann Deary, Necklace Park Manager, Durham City Vision.
- Harvey Dowdy, Director, Durham City Vision.
- Mr Seif El-Rashid, World Heritage Site Coordinator.
- Cllr Neil Forster, Cabinet Member for Economic Development, Durham County Council.
- Colin Gamble, Head of Property Asset Management, National Savings and Investments.
- George Garlick, Chief Executive, Durham County Council.
- Neil Graham, Head of Development, One North East.
- John Grundy, Historian and Television Personality.
- Stella Hall, Creative Director, Culture 10.
- Deborah Haines, Manager, Radisson Hotel, Durham.
- Chris Higgins, Vice Chancellor, University of Durham.
- Michael Hurlow, Heritage and Design Manager, Durham County Council.
- Clare James, Project Manager (Delivery), Durham City Vision.
- Kate James, Events Coordinator, Durham City Vision.
- Dennis Jones, City of Durham Trust.
- Paulina Lubacz, Treasurer, Durham University.
- John Mowbray, Director of Corporate Affairs, Northumbrian Water.
- Mike Ogden, Head of Rights of Way Team, Durham County Council.
- Carol Pyrah, Planning and Development Director for the North East, English Heritage.
- Peter Robinson, Director of Estates and Buildings, Durham University.
- Mark Robinson, Executive Director, Arts Council North East.
- David Robson, One North East.
- Ruth Robson, Head of Development, Durham Cathedral.
- Stuart Rogerson, Newmarket Developments.
- Paul Ryan, Project Manager (Finance), Durham City Vision.
- Melanie Sensicle, Executive Director, County Durham Tourism Partnership.
- Alistair Shaw, Le Salle Asset Management/Pendower Developments.
- Ian Thompson, Corporate Director of Regeneration and Economic Development, Durham County Council.
- Mr John Topliss, Senior Property Specialist, One North East.
- Mr Dave Wafer, Head of Technical Services, Durham County Council.
- Colin Wilkes, Durham Markets Company.
- Andrew Walker, Funding and Programmes, Durham County Council.
- Kathryn Watson, Technical Support Officer, Durham City Vision.