

Report to: Executive
Date: 18 March 2008
Report of: Executive Member for Regeneration
Subject: County Durham Economic Strategy 2008-2013 'Building our Future'
Ward: All

1.0 Purpose of Report

- 1.1 The purpose of this report is to advise the Executive of the County Durham Economic Partnership's consultation on a County Durham Economic Strategy (CDES) and to seek agreement to a joint response submitted on behalf of the Council and the East Durham Local Strategic Partnership (LSP). The consultation period for the Strategy concluded on 7th March.
- 1.2 The Executive Summary of the draft Strategy is attached at Appendix A. A full copy of the document can be inspected in the Regeneration and Development Directorate.

2.0 Consultations

- 2.1 This report has been prepared in consultation with the Management Team and has taken account of comments received through the LSP's Economy, Skills and Learning Group. A CDES consultation event was held by the LSP on 25th January 2008.

3.0 Background – County Durham Economic Strategy

- 3.1 The current County Durham Economic Strategy for the period 2002 to 2007 has now expired. There have been some significant achievements with actions that have led to the development of new employment sites such as NetPark, revitalisation of older employment locations and investment in the County's major centres with particular attention currently being focused on Durham City. Other economic interventions have sought to improve the economic competitiveness of existing businesses, encourage more business start ups and to improve the skills of the existing labour force and young people coming into the labour market.
- 3.2 County Durham continues to be adversely affected by the long term decline of traditional industries, global pressures on manufacturing, and the particular challenges faced within rural areas and the more disadvantaged communities. At present the gap in performance between the County Durham, North East and the United Kingdom (UK) economies is widening. The Gross Value Added per capita, a way of measuring the value of goods and services produced within an area, within County Durham is amongst the lowest within the UK.
- 3.3 Recent years have also seen reviews of national and regional economic and regeneration policy frameworks: Regional Economic Strategy and the Regional Spatial Strategy and most recently the Treasury led Sub National Review of Economic Development and Regeneration.
- 3.4 The County Durham Economic Partnership (CDEP) have been working with partners since 2006 to develop a new five year strategy to improve the economic performance of the County so as to create a more prosperous county with a greater number of competitive and growing business base able to provide good quality local employment; equality of access to training learning and skills development; and measures to tackle the effects of the decline of traditional industries and the regeneration of local communities.

4.0 'Building Our Future' County Durham Economic Strategy 2008-13

4.1 The Strategy discusses the economic future for the County and illustrates some of the economic challenges that the area currently faces, and where it is hoped the County's economy will be by 2023. The long term vision for the County is that;

"By 2023, we want County Durham to have a modern economy with more jobs, higher income levels, a more skilled workforce and more businesses able to compete in regional and global markets".

The Strategy provides a focus in terms of priorities and objectives over the next five years, up to 2013. It is recognised that if the County is to achieve its goal and reach its economic potential, all partners must work together. To focus efforts the Strategy has three main thematic objectives:

1. **Competitive Business** - to make our businesses more competitive and productive, and rebuild a culture of enterprise across the County.
2. **Competitive People** - to improve the employability and skills of our workforce
3. **Competitive Place** - to improve the economic competitiveness of our major towns

4.2 Key priorities for each theme are:

Competitive Business:

- Diversifying the County's economy by developing the science and technology base through further growth of NETPark, working with Durham University to capitalise on its research and development strengths and growth of the renewable/geothermal energy sector through projects including the GREAT Institute (within East Durham) and Eastgate (within Wear Valley).
- Working with existing businesses to improve their productivity and increase workforce skills.
- Improving the availability and take-up of broadband by developing of a countywide wi-fi network with the potential to be expanded across the North East.

Competitive People:

- Raising the aspirations of young people for work and learning.
- Increasing the number of people interested in starting a business or becoming self-employed.
- Helping people to re-enter, and remain in work.

Competitive Places:

- Developing Durham City as a centre for tourism and financial/business services.
- Improving our major industrial estates and bringing forward new land and premises for development.
- Realising the potential of Bishop Auckland, Barnard Castle, Peterlee, Consett and other locations to provide employment for local people.

4.3 In order to measure the success of the County Durham Economic Strategy the aim is to close the gap in performance between the County Durham economy, the North East and the UK. 'Headline' targets have been identified to stimulate and support economic growth including the following:

- raise County Durham's Gross Value Added from £5.5 billion in 2004 to £6.7 billion by 2012/13.

- Achieve a net increase of 1,400 more VAT registered businesses between 2006 and 2013.
- Create 9,000 more employee jobs between 2005 and 2012/13
- Reduce the number of residents on incapacity benefits by 4,000 to 32,230 by 2012/13
- Increase the proportion of working age adults in employment from 71.8% at the end of 2006 to 73% by 2012/13
- Increase the number of working adults qualified to at least NVQ Level 3 to 51%, and to at least NVQ Level 4 to 25% by 2012/13

4.4 The Strategy provides the framework for a more detailed Action Plan which will be prepared following the conclusion of the consultation stage. This Action Plan will highlight the key priorities and activities over the next three to five years and some longer term actions.

5.0 A Response to the County Durham Economic Strategy

5.1 In broad terms it is felt that the draft CDES provides a reasonable and appropriate strategic policy framework to direct future economic and regeneration related actions. It appropriately supports actions previously prioritised by the Council and the East Durham LSP related to:

- Development of a more competitive business base with an emphasis on the manufacturing sector and support for Local Enterprise Growth Initiatives (LEGI) actions related to encouraging greater levels of business and enterprise development.
- Increasing adult participation levels in the labour market through measures to reduce economic inactivity and worklessness and building the skills of the workforce; and
- Identifies the A19 corridor including the centres of Peterlee and Seaham as one of six areas for supporting economic growth.

5.2 There are several issues arising from the Strategy that it is felt require further consideration or attention.

- There is felt to be an over emphasis given in the Strategy to the importance of the City of Durham, Durham University and NETPark to the delivery of the Strategy's planned outcomes. Whilst these locations and institution are clearly of strategic economic importance, the Strategy needs to firstly demonstrate more how investment in these locations will support the improvement of economic conditions in areas such as East Durham. Secondly through the strategy ensure that other urban centres like Seaham and Peterlee are duly recognised as major centres where investment needs to be equally maximised to ensure economic growth to directed to benefit the most economically disadvantaged areas of the County.
- Similarly the benefits of the other local universities within the North East, which have a significant role to play in the areas of economic development through promoting and supporting business and developing higher level skills should be more fully recognised. The Universities of Newcastle and Sunderland are associated with key schemes in East Durham in respect to the Great Institute and the Film and Media Village scheme, respectively.
- NETPark, is identified as the strategic site for scientific technologies within the County, however, it is imperative that the whole County benefits, from the resource. This needs to be explicitly highlighted within the Strategy, whether it is through supply chain development and/or employer engagement with educational institutions (Further Education Colleges and schools).
- The East Durham A19 Corridor is acknowledged as a major strategic site for investment and opportunity. This is encouraging and as a Council we need to ensure that this is cemented as a competitive economic area across the whole of the North East Region.

However, the Strategy needs to specifically recognise the North West and South West Industrial Areas in Peterlee, as an individual strategic site forming part of the portfolio of sites for investment alongside such sites as Aycliffe Industrial Park. These business areas house global companies such as Caterpillar and NSK, as well as considerable Small and Medium Enterprises (SMEs). Approximately, 2,500 people work within these business areas and hence represent a significant employment location within the District of Easington. Coupled with the adjoining business parks of Bracken Hill and Whitehouse, this strategic employment location, employs approximately 6,250 people in total. Therefore, it is felt that Peterlee Business Park should be added into the Strategy alongside the existing listing of sites at Hawthorn, Spectrum and South of Seaham.

- Encouragement of employer engagement in the delivery of the Strategy is weak across all three thematic areas. It is important that business infrastructure, employability activities and skills programmes are demand led and not just supply driven otherwise the needs of the business community will not be met. This in turn will not help to reduce the productivity gap.
- It is suggested that the Strategy should include as one of the case study's to illustrate required actions the East Durham Apprenticeships Programme as an example of a successful mechanism for reducing young people Not in Education, Employment or Training (NEETs).
- Give greater attention to transport and accessibility issues related to employment and training and how these factors can serve as a constraint on economic competitiveness.
- The Strategy should acknowledge in more detail the economic inequalities across the County and the positive opportunities that need to be maximised arising from economic investment in the adjacent conurbations as part of a positive approach to engaging in the City Regions programmes for Tyne and Wear and Tees Valley.

5.3 The proposed detailed District of Easington Council and East Durham LSP response that builds on the above comments is attached at Appendix B.

6.0 Way Forward and Next Steps

6.1 The CDEP will be collating all responses and presenting feedback to the CDEP Partnership Board meeting on April 24th 2008. Following the results of this Board meeting the draft Strategy will be amended and circulated to partners for information. The County Durham Economic Strategy Action Plan timescales will also be agreed. It is planned that partners will be involved to develop and agree the Action Plan. District of Easington Officers from the Regeneration and Development Directorate will work closely with the CDEP to ensure that the actions/activities proposed are effective and are of benefit to the District.

6.2 It is anticipated that Action Plan development will be undertaken during May 2008 and that the consultation stage will be carried out during summer 2008. A further report will be submitted to the Executive on the outcome of the Action Plan development process in due course.

7.0 Implications

7.1 Financial Implications

It is not considered that there are any financial implications for the Council.

7.2 Legal Implications

It is not considered that the report has any legal implications for the Council.

7.3 Policy Implications

It is not considered that the report has any policy implications for the Council.

7.4 Local Government Review Implications

It is not considered that the report has any local government review implications for the Council.

7.5 Risk Implications

It is not considered that the report has any risk implications for the Council.

7.6 Communications

The Council's response will be the subject of a press release to inform local residents and businesses of the Council's and East Durham LSP's position on the draft County Durham Economic Strategy.

8.0 Corporate Implications

8.1 Corporate Plan and Priorities

The recommendations contained within the report comply with the Council's Corporate Objectives 'to secure economic well-being and provide quality equal and diverse sustainable employment and create 'a thriving economy'.

8.2 Service Plan

The proposals outlined in the report support the activities within the Service Plan for East Durham Business Service, and complement the Council's Regeneration Statement and East Durham Employability Action Plan.

8.3 Performance Management and Scrutiny

It is not considered that this report has any performance management and scrutiny implications for the Council.

8.4 Sustainability

It is not considered that this report has any sustainability implications for the Council.

8.5 Information Technology

It is not considered that this report has any information technology implications for the Council.

8.6 Equality and Diversity

It is not considered that the report has any equality and diversity implications for the Council.

8.7 Crime and Disorder

It is not considered that this report has any crime and disorder implications for the Council.

8.8 Social Inclusion

The recommendations contained within the report do have a positive impact on the social cohesion of the District through the planned increase in skills attainment and employment growth which will benefit people's lives and the District as a whole.

8.9 Procurement

It is not considered that this report has any procurement implications for the Council.

9 Recommendations

- 9.1 The Executive agrees the report and endorses the submitted response to the County Durham Economic Strategy on behalf of the Council and East Durham LSP as set out in Appendix B.

Background Papers

'Building our Future' County Durham Economic Strategy 2008-2013

Appendices

- A – 'Building our Future' County Durham Economic Strategy 2008-2013 Executive Summary
B - 'Building our Future' County Durham Economic Strategy 2008-2013 District of Easington and East Durham Local Strategic Partnership Response

Glossary

| | |
|-------|---|
| CDEP | County Durham Economic Partnership |
| CDES | County Durham Economic Strategy |
| GCSE | General Certificate of Secondary Education |
| GVA | Gross Value Added |
| LSP | Local Strategic Partnership |
| NEETs | People Not in Education, Employment or Training |
| NVQ | National Vocational Qualification |
| SMEs | Small and Medium Enterprises |

1. Why do we need an economic strategy?

This is a summary of the draft Economic Strategy for County Durham. It has been prepared by the County Durham Economic Partnership (CDEP) – a group of more than 50 public, private and voluntary sector organisations working to promote economic development and regeneration across the County.

Access to secure, well paid employment is vital to the future of County Durham's people and its communities. We have some world class economic assets upon which we can build – including the City of Durham, Durham University and NETPark, which is the most important location for science and technology businesses in the North East.

We are also making progress in some important areas

- the number of young people obtaining five good GCSE's is increasing and the gap between our performance and the UK as a whole is narrowing
- there are increasing numbers of adults qualified to NVQ Level 2, with the basic skills to compete for jobs
- survival rates for new businesses are better than the national average – although not enough people are starting up a business or becoming self-employed.

Despite this, the long-term decline of our traditional industries, global pressures on manufacturing and the challenges faced by our rural businesses mean that we face an uncertain future. At present the gap in performance between the County Durham, North East and UK economies is widening. Today our Gross Value Added per capita – the value of the goods and services produced in County Durham – is amongst the lowest in the UK, and lower than areas like Cornwall or the Highlands which have benefited from massive financial support from the European Union.

The CDEP wants to create a more prosperous County where our businesses are creating more, high quality jobs for local people, and where County Durham residents can access training and well paid jobs. To do this we need to build consensus with businesses, local government, the Regional Development Agency and the public about the kind of economy we want in the future – and how we should work together to realise this.

The draft strategy sets out our long-term vision for the economy – where we want to get to by 2025 – and the actions we need to put in place over the period to 2013 to get there. These include proposals to develop the role of the University, NETPark and other economic assets; tackle the effects of the decline in our traditional industries and to reduce inequalities in access to learning, skills and employment.

2. Our vision

The County Durham Vision was agreed in February 2004 and sets out the following high-level vision for the County:

By 2023 "Dynamic Durham" is known for its strong economy, commitment to lifelong learning, enhanced environment and its strong, healthy and safe communities. It is a great place to live, work, visit and invest.

So what might a prosperous, successful economy look like?

It is 2023....and County Durham is a modern dynamic economy and part of a thriving and prosperous North East, characterised by high levels of employment and income; a skilled workforce and businesses, competing in regional and global markets. Our economy is now one of the most productive in the UK.

We achieved this by building on our economic strengths – particularly manufacturing and engineering – and helping our key businesses to do more research and development in County Durham. We also transformed the industrial estates where they are based, improving their environmental quality and creating new opportunities for low cost energy.

Much of our success was founded on the links we created between our businesses, Durham University and other institutions. NETPark provides strong evidence of this collaboration and is now one of the largest and most successful science and technology parks in the North. Durham University's research strengths in electronics, photonics, plastics and other materials have driven the growth of our knowledge economy – along with geothermal energy and other environmental technologies.

Durham City, with Newcastle and Doxford Park, has one of the highest concentrations of financial and business services employment in the North East. Its attractiveness as a business location was driven by efforts to open up strategic employment sites including Mount Oswald, which also houses a range of technology-driven business.

Durham City is also a world class tourism destination. Building on our existing assets, we improved the quality of the City Centre, developed new shopping and cultural facilities and a major programme of events and festivals. Durham is now at the heart of an expanding network of visitor attractions including Beamish; the renewable energy village at Eastgate which has transformed the economy of Weardale and along the Heritage Coast at Seaham.

Our major centres – including Bishop Auckland, Peterlee and Barnard Castle – provide a wide range of retail, office and leisure based employment for the hinterlands which they serve. Here, and in other priority neighbourhoods, we have revitalised our housing market, creating truly sustainable communities which are safe, secure and well-managed and provide more affordable housing for sale and rent. Our Building Schools for the Future programme has created new schools at the heart of our communities providing facilities and services for young and old alike.

Developing our manufacturing and engineering businesses and growing new sectors of the economy has created a stronger market for new businesses, and there has been a significant growth in business start ups. Our efforts to create a 'can do' attitude to enterprise amongst young people, women and other important groups have paid real dividends.

Improved educational attainment – driven by our investments in new schools – and adult skills have provided the bedrock for a more productive, high skilled economy and attraction knowledge-based businesses and workers. Now, everyone between the age of 16 and 35 is in work or in some form of education, employment or training.

Junction improvements have been made to the A19 and A1, to cater for growth, and the second Tyne Tunnel is now open. These, along with regular fast train services connecting Tyne and Wear and the Tees Valley, have improved access to jobs and for visitors to the County. Bus services between the villages and the main centres are also much improved; now almost 50% of journeys to work, school or college are made using public transport.

Our population is increasing, and increasingly diverse. Many more young people and working age families are remaining in or moving to the County, attracted by new jobs, by a wide choice of housing in safe, secure communities and by the quality of our schools. People want to live, work and play here. remaining in or moving to the County, attracted by new jobs, by a wide choice of housing in safe, secure communities and by the quality of our schools.

Our Objectives

Realising the vision will require a step change in the productivity of our businesses; in the skills of our workforce; in our ability to work together in partnership and to influence our regional, national and European partners in their policies and investment.

We must focus our efforts on actions which will truly make a difference. The Economic Strategy identifies three key objectives:

- to make our businesses more competitive and productive, and rebuild a culture of enterprise across the County
- to improve the employability and skills of our workforce
- to improve the economic competitiveness of our major towns.

Creating a more competitive economy will support the development of truly sustainable communities, where people want to live. In turn, this will help to attract and retain the skilled, entrepreneurial workforce that will drive our economy in the future, and increase County Durham's contribution to a more prosperous North East.

Measuring progress

How will we know if we are succeeding? The Economic Strategy aims to close the gap in performance between the County Durham economy, the North East and the UK – and we will measure our progress against eight 'headline' targets:

- to raise County Durham's *Gross Value Added* from £5.5 billion in 2004 to £6.7 billion by 2012/13
- to achieve a net increase of at least 1,400 more *VAT registered businesses* between 2006 and 2013
- to narrow the gap in investment in research and development by the private sector and Government
- to create 9,000 more *employee jobs* between 2005 and 2012/13
- to reduce the number of residents on incapacity benefits by 4,000 to 32,230 by 2012/13
- to increase the proportion of working age adults in employment from 71.8% at the end of 2006 to 73% by 2012/13
- to increase the number of working adults qualified to at least *NVQ Level 3* to 51% by 2012/13
- to increase the number of working age adults qualified to at least *NVQ Level 4* to 25% by 2012/13
- to sustain average gross weekly earnings at 85% of the GB average by 2012/13.

These outcomes are realistic within the current regional policy framework and the level of resources available to the Partnership to stimulate and support economic growth. However, to truly narrow the gap, we County Durham would need to

- achieve growth in GVA in excess of 4% per annum – almost double current regional growth rates – to achieve our aspirational GVA target of £8 billion by 2012/13

- double current start up rates to increase the number of net additional VAT registered businesses from 200 to 400 per annum
- achieve massive increases in the proportion of our adult workforce educated to NVQ Level 3 (55%) and NVQ Level 4 (35%)
- to increase *average gross weekly earnings* for County Durham residents to 90% of the GB average from 85% in 2006

3. Our priorities

The strategy sets out a number of priorities under the themes of Competitive Business, Competitive People and Competitive Place.

Competitive Business

Priorities include

- diversifying our economy by developing our science and technology base through further growth of *NETPark*, working with Durham University to capitalise on its research and development strengths and growth of the renewable/geothermal energy sector through projects including the *GREAT Institute* and *Eastgate*
- working with our existing businesses to improve their productivity and increase workforce skills.
- improving the availability and take-up of broadband by developing a County-wide *wi-fi network* with the potential to be rolled out across the North East.

Competitive People

Priorities include:

- raising the aspirations of young people for work and learning
- *raising awareness of enterprise* by young people and other key target groups to increase the number of people interested in starting a business or becoming self-employed
- helping people to re-enter, and remain in work.

Competitive Place

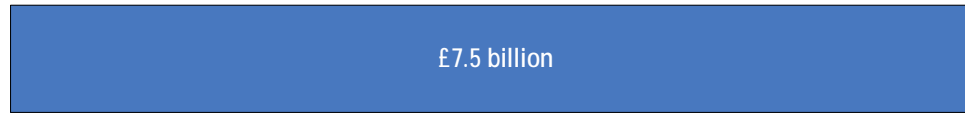
Priorities include:

- transforming *Durham City's* role as a centre for tourism and financial/business services
- developing County Durham's tourism economy through key projects at Beamish, Barnard Castle and Eastgate and developing new opportunities for business tourism
- realising the potential of County Durham's *major urban and rural centres* to provide sustainable employment and services for the wider hinterlands which they serve
- supporting our smaller towns and villages to become sustainable.

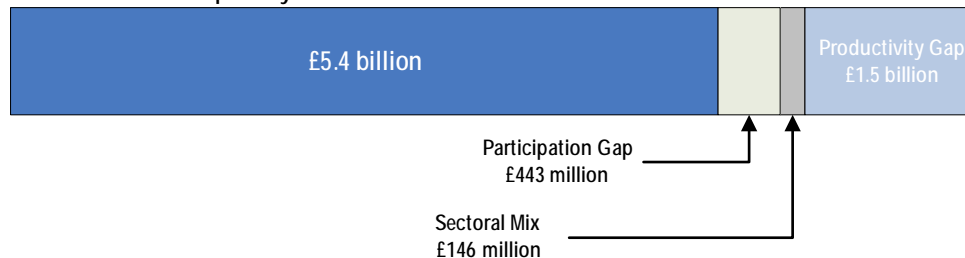
4. Our challenges

Our economy faces some very significant challenges. Today, the County Durham economy is underperforming as a result of low levels of business productivity and enterprise; a low skills base and large numbers of working age adults not participating in the labour market.

Potential GVA



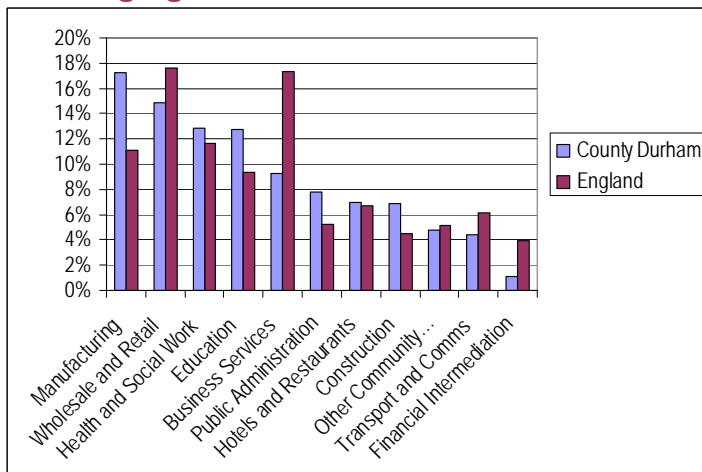
Actual GVA and Gap Analysis



Our economy is not concentrated in a large conurbation, unlike other parts of the region. Our businesses and other economic assets are distributed right across the County – which also means that we have:

- a commercial property market which still remains characterised by *market failure* in some locations although Durham and a handful of other locations are witnessing increased investment by the private sector
- poor quality public transport, and limited east-west highways connections, which constrain the ability of County Durham residents to *access employment and training*.

Sectoral Mix; Manufacturing Boosting Employment, Future Prospects are Challenging



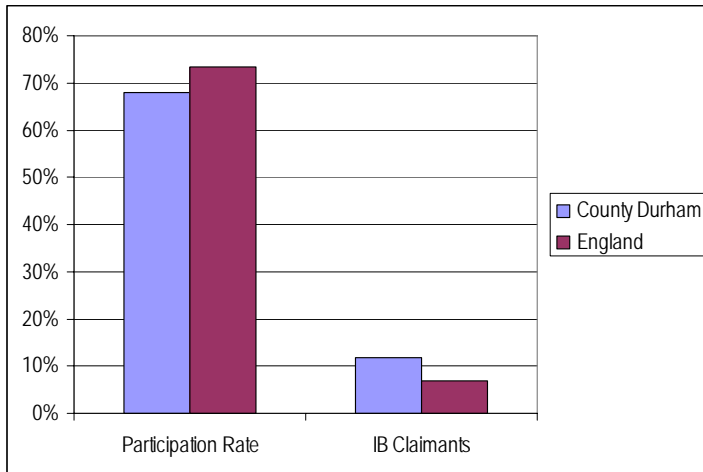
Source: Annual Business Enquiry, 2005

Despite significant employment losses (17,000 in less than 10 years), manufacturing remains County Durham's most significant sector.

County Durham is particularly weak in Business Services and Financial intermediation.

Generally, the local economy is becoming more heavily skewed towards lower value added activities.

Participation: Too Few in Employment



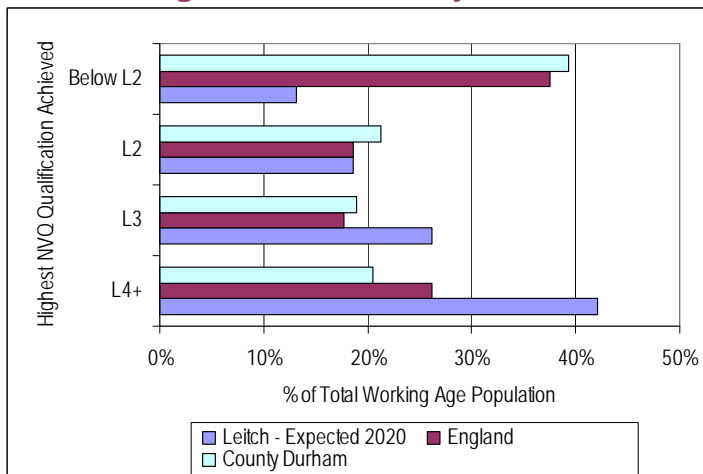
Source: DWP 2006, LFS 2004

The participation gap consists of lower rates of economic activity and higher unemployment.

Improving participation to national levels would require **17,000 residents to take up employment.**

High levels of incapacity benefit (IB) claimants and other forms of inactivity increase the difficulty of lowering worklessness.

A Knowledge Based Economy and the Skills Gap: The 2020 Workforce



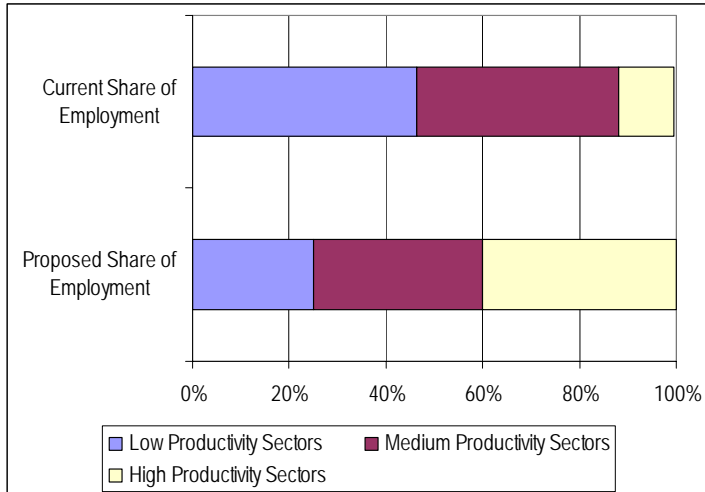
Source: Annual Population Survey, 2005

The availability of skilled labour is essential for a high productivity, knowledge based economy.

County Durham currently has a lower skills base than England, particularly for graduate level skills.

Leitch predictions for 2020 would require a doubling of people with Level 4 qualifications in County Durham – **an increase of 64,260 graduates** in the workforce.

A Competitive Employment Structure: A Massive Shift to High Value Added



Source: Annual Population Survey 2006, Leitch Review of Skills

Closing the productivity gap will require a **significant shift of employment from low to high value added employment sectors** (including Financial and Business Services).

Medium productivity employment would decline but to a much lesser extent – from 42% to 35% of total employment.

These are in line with the Leitch predictions that over 40% of the workforce will require NVQ L4+

5. Implementation

Once the Economic Strategy is finalised, the CDEP will develop an Action Plan which will set out how we will deliver these priorities over the next three years and in the longer term where necessary. Both the Strategy and the Action Plan will be subject to assessments for their impact on sustainability and equalities.

County Durham Economic Strategy 2008 – 2013 ‘Building Our Future’

Consultation Response

District of Easington Council and the East Durham Local Strategic Partnership

March 2008

Introduction

This statement on behalf of the District of Easington Council and East Durham Local Strategic Partnership (LSP) has been prepared as a response to the County Durham Economic Partnership’s draft consultation ‘Building Our Future’ County Durham Economic Strategy 2008-13.

Context

The Council and the East Durham LSP have sought to provide a strong community leadership and advocacy capacity to address the District’s future ‘well being’ and through this provide the communities of Easington with a more certain and sustainable future. As such it is recognised that the area’s future prospects will in part be shaped by actively contributing to policy debates and consultations to ensure national, regional and sub regional organisations and partnerships are well informed of the needs of Easington’s communities including its business communities.

In light of the economic and employment challenges facing East Durham, the County Durham Economic Strategy is of high importance to the Council and East Durham LSP.

Response

The District of Easington and East Durham LSP welcomes the ‘Building Our Future’ County Durham Economic Strategy 2008-2013 to create a more prosperous County where businesses are generating more, high quality jobs for local people and residents that can access training and well paid jobs. It is appropriate to develop and implement a new strategy; since the previous strategy has now expired. There is a need to recognise that there have been significant changes in the County’s economy since 2002 and that there are a number of challenges to be addressed, if the economic disparities of the County overall within the North East region and between localities within the County are to be addressed and narrowed. In addition, there have been significant policy changes such as the Sub National Review of Economic Development and Regeneration, the Regional Economic Strategy and the Regional Spatial Strategy that need to be recognised.

Strategy Vision and Objectives

The long term vision for the economy of County Durham by 2023 outlined within the Strategy document is positive, encouraging, as well as challenging. However, it is suggested that within the Vision description (page 10) that specific company references should be removed given the longevity of the vision.

The three objectives identified within the Strategy are supported and present a strategic focus for developing the economy of County Durham. Similarly, the identified headline targets to indicate success are supported and present a challenge over the next five years. It is agreed that this initial stage for achieving the vision must centre on strengthening business performance, building economic infrastructure for growth and addressing the barriers of skills and worklessness Both the District of Easington Council and the East Durham LSP look forward to the Action Planning process where activities and timeframes will be developed and agreed to help meet these challenging goals.

General Comments

The three board thematic areas outlined out within the strategy are welcomed and appropriate in

order to effectively target activity. However, there are several overarching comments that require further clarification and discussion within the strategy document, as follows:

- **City Region Agenda:** It is felt the position of the County, and in particular East Durham, within the City Regions of Tyne and Wear and Tees Valley and the associated benefits need to be strengthened and clearly articulated. Although outlined within the strategic context (section 1) of the Strategy it is felt that this needs to be documented throughout the strategy rather than treated as a contextual point. For instance, East Durham is within the sphere of influence of the two City Regions of Tyne and Wear and Tees Valley. The County Durham Economic Strategy needs to ensure that the benefits and opportunities from this are exploited and that the communities and businesses of East Durham for example benefit from this major policy and spatial approach to economic development and planning. County Durham should seek to positively engage with the City Regions concept and play its full part in the development and implementation of this activity. This needs to be clearly considered throughout the revision of the Strategy and carried forward into the development of the Action Plan.
- **Travel to work, learn and leisure areas:** In relation to the point above, it is thought that the strategy does not fully embrace the wider economic activity areas that cover and extend into the County. Although identified more strongly within the Competitive Place theme, work and learning travel patterns as well as labour market areas needs strengthening within the Competitive People theme.
- **Focus on City of Durham and the University of Durham:** Whilst the Council and partners within East Durham recognise that the City of Durham and its related institutions represents a strong economic asset for the County, it is also important that the particular economic functions and role of other major centres within the County are fully recognised and attention is given to developing their economic offers. Otherwise, it was felt that the County runs the risk of becoming more polarised. The policy option justification that investment in Durham City benefits other locations through a 'trickle outwards' effect is not supported
- **East Durham A19 Corridor:** With regard to developing and enabling competitive places across the County, it is encouraging to witness the role and strength of the East Durham A19 Corridor in the Strategy.
- **University of Durham:** Similarly, large emphasis is placed upon University of Durham as an economic asset and its outstanding strength through its research and reputational role is not disputed. It can also play a key role in bringing forward applied scientific and business research activities as new business opportunities. The role and impact of other Universities in the North East on the County needs to be recognised more fully and actions initiated to build relationships with all Higher Education and other related institutions as is the case with the Great Institute project in East Durham as part of the Science City programme with Newcastle University, In addition in terms of the students and adult learners within the County, in East Durham, other North East Universities have a larger role to play and often in partnership with local FE Colleges. The business and research attributes of the Universities of Sunderland, Newcastle, Northumbria and Teesside should be more clearly identified as key partners alongside Durham University.
- **NETPark:** It is recognised that NetPark has a significant role for the County in terms of developing higher technology based businesses through applied, research and does represent one of the key drivers of change in the economic landscape of the county. However to ensure the economic benefits of the investment in NetPark are utilised to further higher levels of economic activity, greater attention is required as to how linkages with

businesses on other key business sites in the County are maximised and the employment created through the site's growth benefits local communities and particularly the more disadvantaged areas of East Durham. A key action here is seen to be ensuring the County's educational institutions are able to offer relevant and related training and that young people coming onto the labour market are aware of career prospects related to a more knowledge based economy as in this instance, represented by NetPark.

- **Role of the Private Sector:** The Strategy demonstrates clear priorities for the economy and investment, however it fails to identify specific roles for the private sector. It is important that the private sector is embraced and identified as a major contributor to the successful delivery of the Strategy. In addition, engagement within the private sector is paramount to ensure the county's population is appropriately skilled for business needs, and public sector led investment in business infrastructure is fit for purpose.
- **Role of partners:** It is felt that the role of partnership organisations within the Strategy should be more clearly identified. It is important that those organisations such as Jobcentre Plus, Learning Skills Council and Business Link North East are embedded within delivery and illustrate their commitment to our strategic County objectives. This must be identified through the Action Plan development process.
- **Deprivation:** Although the Strategy recognises that inequalities exist within the County and specifically notes that employability is an important issue to tackle within East Durham. The draft Strategy is less clear on how this is going to be enabled so that there is an actual reduction in inequalities and the gap between the poorest and most deprived communities and the County as a whole narrow is narrowed. This is seen as an important consideration for the development and implementation of the Action Plan.
- **Local Government Review:** The structural changes to be witnessed before April 2009 will have an impact on delivery and institutional frameworks for delivery amongst local authorities. It is important that this is reflected within the phases and timescales within the developed Action Plan.
- **Strategy Delivery, Action Plan and Timescales:** The District of Easington and East Durham LSP would support the development of a partnership led Action Plan with inbuilt timescales. It is important that local partners have ownership of the plan to ensure appropriate actions and build the momentum for delivery.

A number of issues have been identified that have not been addressed within the Strategy. These may be worth further consideration:

- **Ageing Population:** This will undoubtedly have an impact upon and change the demand of services within the County.
- **Wages:** As an identified key headline target, increasing wage levels for the local population is not tackled specifically within the Strategy.
- **Gender Divide in Educational Attainment:** Recent trends illustrate that the gender gap in educational attainment within secondary education is now widening, with males achieving significant less than their female counterparts. This is worth further consideration and should be discussed within the Action Planning process.

The following Sections of the response consider each of the three themes (Competitive Business, Competitive People, and Competitive Places) and their respective priorities.

Competitive Business:

As illustrated within the Strategy, business productivity and specifically County Durham's Gross Value Added (GVA) rate is a major challenge. However, raising productivity will depend on a number of factors, interestingly, not all of these factors are identified as a priority for the County within the document.

Priorities (page v):

- The three priorities outlined are welcomed and it is encouraging that the Strategy recognises the significance that the GREAT Institute within East Durham will have for the whole of the County.
- However, it is proposed that the 'working with our existing businesses to improve their productivity and increase workforce skills' priority should be expanded to include new start businesses. It is important that all businesses are encouraged and supported. The activity through the Local Enterprise Growth Initiative (Be Enterprising Programme), is encouraging productivity growth through coaching with new businesses and encouraging existing businesses to prosper, expand and provide economic benefits for the wider communities.
- The Council and East Durham LSP propose that an additional two priorities could be added to this thematic area:
 - Increasing the levels of enterprise within the County through business start ups and self employment.
 - Retaining and growing high value (knowledge driven) manufacturing and engineering businesses and developing financial and business services and tourism.

These priorities will help to target specific activity towards narrowing the gap in business starts and ensure that the economic business base is sustained as well as strengthened and diversified. As indicated within the section 4 of the Strategy, manufacturing remains the County's most significant sector and it is important to have this as a high level priority to ensure sustainability.

Discussion (pages 13 – 21):

- As iterated above, reference to Be Enterprising and its objectives are missing from the Strategy. Within this section (page 13) background is required about the programme, illustrating its role in helping to transform the business base within communities and encouraging the growth of diverse and sustainable businesses. The programme presents a significant opportunity to create more businesses in the county and move forward with a stronger enterprise agenda. As funding has been secured to support activity up to 2011, it clearly brings economic benefits for the whole of the County and trying to close the productivity gap.
- The Strategy highlights a number of sectors that underpin the employment base within the County and unsurprisingly includes the public sector. It is questionable though whether this sector is best placed to support the move to a modern, competitive and diverse economy. It presents a somewhat skewed picture of employment opportunities. It is assumed that we are not seeking to base future economic growth around more public sector employment! The current number of jobs listed looks a little low as the local authorities employ some 22,000 people alone without counting NHS employment in the County. However, it is agreed that the public sector has an important role to support businesses to flourish in developing new markets through modern procurement practices etc.
- It is agreed that Business Link North East will play an important role in stimulating business competitiveness, however, we should not isolate and ignore the significant role local Enterprise and Development Agencies play within the County.
- Productive Businesses aim and priorities (page 14): it is agreed that county wide provision of high quality demand led business support service. However, the distinction and complementarity with Business Link North East needs to be considered. It is also important that there is a clear balance between business support for higher growth sectors and generic

business support which is vital in the more deprived areas of the County. The role of the private sector within these priorities needs to be illustrated, especially in relation to the provision of high quality business premises, as it is paramount that this does not lead to further market failure. It is also suggested that a priority in relation to the role of 'Be Enterprising' LEGI programme should be added, recognising the role it has in providing business coaching and creation of new businesses.

- Manufacturing (page 15): is over 500 employees within the clothing sector really a significant cluster? Again, as stated before it may not be appropriate to highlight specific business names since this is a long term Strategy and the fortunes of these companies cannot be predicted. It is recommended that references to Romay and Thorn Lighting are removed by name from the Strategy. It is suggested that within the priorities for increasing the competitiveness of this sector, other universities within the North East should be cited alongside Durham University. Additional Business Parks have a role to play alongside NETPark, such as Newton Aycliffe and Peterlee which have manufacturing business clusters.
- Knowledge Economy (page 16): The strength and assets of Durham University and NETPark are undeniable, however, more emphasis needs to be placed on other universities and opportunities presented through the GREAT Institute. There is no mention of cementing linkages with Further Education Colleges and schools. How are is the County to develop the knowledge journey if young people, businesses and technology are not intrinsically linked and cemented from a young age through the educational system? The possibilities of developing supply chains between NETPark and businesses across the County needs to be identified. The priority to expand links between the County's employers and workforce and universities (page 17) requires further explanation and background within the discussion.
- Knowledge intensive business services (KIBs, page 17 - 18): It is recognised that the County is under-represented within this sector. It is recommended that direct marketing of the County's assets is set as a priority alongside strengthening the offer of a competitive location for footloose investment in KIBs.
- Growing the Tourism Sector (page 18 -19): The second sentence within the first paragraph on page 18 requires clarification through perhaps deleting the reference to the fact that the Durham University is working with the Area Tourism Partnership (ATP), however welcome this now is. It is indicated that the ATP Management Plan identifies six priorities for investment (page19), however only five of the six are listed in the bullet points.
- Creating an Enterprise Surge (Page 19 – 21): It is felt that it is not only the Durham Business School that has a critical role to play in building (rather than rebuilding) an enterprise culture, but also all other educational institutions and in particular schools and FE Colleges to build upon the work undertaken through the Enterprise in Education Advisory Group with One North East and the NEEPs programme. It is important that enterprise is embedded within the school/college curriculum and culture. Support from/for education institutions are imperative to reach this goal. Wider community development work and community groups also have a significant role to developing this culture. The Be Enterprising Programme is supporting enterprise in education to embed entrepreneurship with schools, colleges and training providers to help to realise this ambition. It is important that the Strategy recognises this and reviews the lessons learnt from this targeted approach within LEGI communities.
- It is important that people already within employment are also encouraged to set up in business as well as the priority groups stated, as this will benefit the economy further and create some churn within the labour market. Further explanation and recognition of the Voluntary and Community Sector and Social Enterprises needs to be included within this section of the Strategy.

Throughout the Competitive Businesses theme, the issue of employer engagement has been neglected. It is important that a coordinated approach is taken to realise objectives and to ensure that businesses are not inundated with public representatives, which will waste both time and

money for businesses. To achieve the outlined priorities it is imperative that activity is demand led by the private sector with public sector facilitation.

Competitive People:

East Durham LSP and the District of Easington believe that this thematic area is the main priority for the County and represents a significant barrier to narrowing the gap between the County, North East and the UK. It is paramount that resources are focused towards this agenda to ensure that the County can offer a competitive, skilled and world class workforce. It is supported that our most important asset, our people, does remain untapped and presents the largest potential.

Priorities (page v):

- All three priorities identified are welcomed.
- It is encouraging to note that raising aspirations is depicted as this is of particular importance for East Durham. Initiatives such as Aimhigher have already proven the success of raising aspirations for young people accessing higher education and the East Durham Apprenticeships programme has provided an alternative route into employment whilst learning. As partners we need to ensure that a variety of opportunities are offered to young people within County Durham and that there is no one prescriptive route for people through life to reach and achieve their goals.
- It is suggested that the last priority 'helping people to re-enter, and remain in work' should also include 'enter'. As there are people who have never had a formal job and require additional support and coaching to enter employment for the first time. This is a focus for the Deprived Areas Fund (DAF), the Department for Work and Pensions Initiative. As it is widely known, East Durham has the highest levels of worklessness in the County with approximately 17% of the working age population claiming incapacity benefit, this represents a huge gap to narrow. However, over recent years the numbers are steadily reducing, at a quicker rate when compared to other areas. It is important that this momentum is not lost and that lessons learnt from programmes such as the Northern Way sponsored Aimhigh Routeback are harnessed and embedded into future programme activity through the Economic Partnership.
- Reference to the Regional Employability Framework (REF) should be noted within the Strategy. Its importance should be recognised and the Strategy should align with the priorities within the REF.
- An additional priority could be added to this thematic area in relation to the promotion and achievement of higher level skills. In order to close the productivity gap and have a higher proportion of employment within the high value added employment sectors such as financial services, a highly skilled workforce is imperative. It is suggested that we need to step up to this challenge and aim for higher numbers achieving NVQ level 4.

Discussion (pages 22 – 28):

- The targets illustrated within the Leitch Review are challenging and encouragingly illustrate the role of both the employers and individuals to boost skills levels and enable adaptability in a changing economy. The 'low skills equilibrium' does present a significant problem for the County.
- Raising aspirations, participation and attainment (pages 23 – 24): All the priorities depicted are supported. Due to the scale of Young People Not in Education, Employment or Training (NEETs) within the County it is felt that an additional priority in line with the NEETs Strategy should be included within this section. It is important that this group is not forgotten. Reference should be made to Aimhigher and its mission to promote higher education and raise aspirations. This initiative is active within the County and is having positive benefits for our young people. It is important that our young people are encouraged to progress within education, to improve the skills levels within the County.
- Building skills of the workforce (pages 24 – 25): It is encouraging that the Strategy

recognises the role of Train to Gain to increase Basic Skills levels for both individuals and employers. It is felt that at this stage within skills achievements it is not felt appropriate to aim to reduce non accredited provision as part of the skills training progression as this has an important part to play in engaging people in activities with learning outcomes that help to move people towards accredited learning as well as tackle other barriers to economic participation such as confidence and motivation.

- It is supported that employer engagement is seen as integral to the skills agenda and in terms of high level skills that this is employer led in key sector areas. The assets of other local universities should also be harnessed alongside Durham University. It is felt that as the new Diploma lines that will be delivered from September 2008, need to be included as a specific priority so as to support their development and implementation. Whilst being more vocationally focused, the fact that 'enterprise' is included in the curriculum of all eighteen lines should be used as a means to help boost enterprise and business development going forward.
- Improving access to employment (pages 26 – 28): Within the discussion there is no recognition of the extensive work that has been undertaken within districts of County Durham, particularly within the Neighbourhood Renewal areas to tackle worklessness. This needs to be recognised within the Strategy. Employment Teams have been established in localities to support people into employment. Coupled with this, DAF is also available to deprived localities to support people in employment and provide resource for activities to increase employment rates and reduce the numbers of the working age population claiming benefits, such as incapacity, lone parent and job seekers allowance. Also, the introduction of the Working Neighbourhood Fund (WNF) will impact on this agenda through the significant levels of resources that will be available throughout the County. This needs to be added to the Strategy. There is also no mention of the role of Jobcentre Plus as the mainstream provider of welfare reform and especially the 'Pathways to Work' programme. County Durham Primary Care Trust also needs to be recognised as a partner organisation to help tackle this agenda, due to the scale of health issues within communities of the County which affect people's confidence and ability to work. The Aimhigh Routeback (a Northern Way Pilot) has been delivered within East Durham and is currently under review. There are key lessons to be learnt from this programme. It is important that all this activity is complementary to the Strategy and that common goals, and more specifically targets are embedded locally with partners.
- It is encouraging that the priorities recognise the scale of the issue within East Durham and the need to target incapacity benefit claimants across the County. However, employability priorities must be aligned with the DAF, WNF and the REF. Although young people are identified as at risk and should receive additional support to prevent those becoming unemployed, no preventative methods or solutions have been identified. As mentioned earlier within this response, East Durham Apprenticeships is providing a successful route for young people to enter employment and training. This has helped to negate the problems of NEETs. It is pleasing that both private and public sector employers have been identified to increase the number of training or employment opportunities suitable for those clients returning to work. It is this commitment that will help to remove barriers to employment and create opportunities for all. It is imperative that post employment hands-on support is offered to ensure people have the necessary skills and confidence to remain in work.

Competitive Place:

Place is a critical factor in achieving economic development and social cohesion, providing spaces for knowledge transfer, residence and leisure. Diversity, in terms of the economy and a skilled workforce, along with connectivity are key to ensuring that places are competitive. As the Strategy recognises County Durham is a polycentric settlement with no city rivalling neighbouring city regions.

Priorities (page v):

- The four highlighted priorities are supported.
- However, it is important that the mix of major urban and rural centres is upheld and that when depicting hinterlands the County recognises the wider economic areas. For instance, as discussed earlier within the response, East Durham travel to work, leisure and learn areas often look outside the County's boundaries towards Sunderland and Hartlepool.

Discussion: (pages 29 –45)

- It is argued that Peterlee should be included within the description on the second bullet point on page 29, as it remains an important industrial and office employment location and is witnessing increased demand from developers and occupiers due to the proximity of the A19.
- It is positive to note that Seaham is recognised on page 29 as having strong links with Sunderland, particularly as a commuter destination through recent housing developments. It is developing a new role as a visitor destination as a result of its significant regeneration and investment. However, the urban centre also offers more employment opportunities as the town grows. As a result of the Enterprise Zones at Spectrum (Dawdon and Foxcover), there are significant employment locations adjacent to the town which offer employment opportunities. The town also benefits from the close proximity to the A19 and Dalton Retail Park.
- It is welcomed that the spatial framework for the Strategy highlights the A19 Corridor as an opportunity for economic growth.
- As recognised on page 30, it is important that as a County we are outward embracing and recognise the need to ignore boundaries. This is particularly relevant when looking at Strategic developments. It is important that opportunities in the wider City Regions are not missed.
- Industrial, Business and Research Parks (pages 31 - 32): It is noted that East Durham and its former Enterprise Zones have generated welcomed investment, but perhaps led to development driven by investors rather than demand. It is agreed that letting some of these vacant and good quality offices is a priority. Premises are being occupied by a variety of organisations, but clusters of contact centres with the District are forming. A County and regionally supported direct marketing/inward investment campaign towards this specific industry sector is required to ensure that A19 Corridor strengthens as a competitive place within the County and across the North East. There is also a need to develop a support framework for this cluster given its prominence in East Durham.
- The need for public sector support is agreed in order to maintain a supply of high quality employment sites and premises. It is agreed that this should be targeted towards reducing market failures. It should also be used to ensure that through local planning powers jobs for local people are provided and that a commitment to upskilling the workforce is maximised.
- It is welcomed that the following sites within in East Durham have been identified as strategic employment sites and as a focus for investment up to 2013: Hawthorn Business Park at Murton, Spectrum Business Park at Seaham and the South of Seaham Strategic Site, which now presents the opportunity of significant private sector led investment to the District through the Film and Media Village project. It is suggested that this is highlighted as an example of a flagship private sector project/investment within the County.
- It is however questioned as to the omission of strategically important Peterlee Business Parks from the strategic sites list (pages 31 - 32), including North West and South West sites along with Bracken Hill and Whitehouse Business Park. The Council and East Durham LSP strongly feel that Peterlee Business Park, should be listed a strategic site within the Strategy given it is a significant employment base (employing approximately 6,250 people in total) within East Durham, the diverse range of businesses present and the fact that it is similar in nature to Aycliffe Industrial Park, which is identified. These Industrial Areas within Peterlee

house significant global businesses such as Caterpillar and NSK and a variety of expanding Small and Medium Enterprises (SMEs) which need harnessing to help narrow the productivity gap.

- It is pleasing to note that both Peterlee and Seaham are recognised as major centres, as shopping and service centres, major industrial and business sites and further potential for housing growth.
- Attention to connectivity and in particular, East and West links across the County is an issue that the District of Easington and East Durham LSP would welcome attention being given to. However, it is recognised that major investment is required to turn this into a reality to ensure a comprehensive network of bus links and the opportunity to re introduce rail links such as along the Sunderland- Tees Valley Coastal rail line are taken forward. It is agreed that transport is often highlighted as a barrier to employment, training opportunities etc and although not as rural as some areas within the County, this is still an important area of concern for East Durham's communities.
- East Durham Corridor: this investment and identification is welcomed. However, it is important that strategic investment recognises the Peterlee Business Park as a whole rather than isolating and only enhancing the former Enterprise Zones (as mentioned above). Otherwise further disparities in quality will be created. The rail halt investment and development remains a long term vision for the District, however there are significant discussions and feasibility research to be completed. It forms a major part of the Peterlee Masterplan and is included within the Local Development Plan. It is hoped that this ambition could be realised within the next five years.

The final part of the Strategy, section 7 'making it happen – delivering the strategy', clearly sets out the need for a partnership approach to ensure all investment and efforts are maximised, which is particularly important in light of Local Government Review. Strong leadership from the public and private sectors is required to meet the needs, demands and opportunities for both the residents and businesses within the County. The demonstration and development of a supportive policy environment is welcomed. The need to cement and recognise the importance of territorial branding for County Durham is self evident. Promotion of the quality of life and our benefits will in turn bring economic investment and create a positive environment and self-belief. It is important that sector specific promotion is enabled, not only focused at NETPark and Durham City, but at the tourism market, business investors and sector areas. The importance of raising awareness amongst our young population is paramount and needs to instill pride within our County. It is suggested that the use and promotion of role models (local, regional and national) are important to the young but also the whole population to raise aspirations.

Conclusion

In conclusion, the District of Easington and East Durham Local Strategic Partnership welcome the County Durham Economic Strategy 2008-13 and strongly support the development of a focused Action Plan designed to enable transformational change. The proposed changes and amendments indicated in this response are offered to ensure the Strategy and subsequent Action Plan are able to address the priority needs of the County as well as those of East Durham, and help to achieve the outcome of narrowing the economic gap between the County with the rest of the Region, as well as narrowing the economic gap between different parts of the County.

Regeneration and Development Directorate
District of Easington Council
March 2008