

<b>Title:</b>	<b>Derwentside Economic Development Strategy 2008-2013</b>
<b>To/On:</b>	<b>Executive 9<sup>th</sup> July 2007</b>
<b>By:</b>	<b>Director of Development and Asset Management</b>
<b>Portfolio:</b>	<b>Economy</b>
<b>Status:</b>	<b>Report</b>

## **STRATEGIC FACTOR CHECKLIST**

The Council's Corporate Management Team has confirmed that the Strategic Factor Checklist has been applied to the development of this report, and there are no key issues, over and above those set out in the body of the report, that need to be brought to Members' attention.

### **1. Introduction**

- 1.1 The purpose of this report is to highlight the progress achieved through the economic development strategy for Derwentside 2000-2006 and to agree consultation proposals for a draft strategy for the period 2008 to 2013.

### **2. Background**

- 2.1 The current Derwentside Economic Development Strategy 2000-2006 was formulated by the multi-agency Derwentside Economic Development Forum, a sub-group of the Local Strategic Partnership (LSP). The aim of the strategy was to continue reducing unemployment and to ensure Derwentside became a self-reliant and robust local economy that would improve the prosperity and quality of life for local residents.
- 2.2 In the period of the 2000-2006 Economic Development Strategy, Derwentside saw:
- Employment rate rise from 68.7% to 71.8% by the end of 2006;
  - The number of residents claiming Incapacity Benefit rise to 6,200;
  - Unemployment rates reduced to 2.8% and below the regional average;
  - VAT registered new businesses setting up at a rate above the regional average; and
  - Key aims of the strategy were addressed through a number of successful initiatives, including:
    - Enterprise Place
    - Engineering Schools Challenge
    - Schools Regeneration Officer
    - Emerge
    - Derwentside Engineering Forum
    - Derwentside Business Centre
    - The Groundwork Trust Greenhouse

### 3. MATERIAL CONSIDERATIONS AND OPTIONS

- 3.1 The Economic Development Forum has considered the need for a Derwentside Economic Development Strategy beyond 2006 and whether or not it could still provide benefit to local residents and businesses. It concluded that an economic development strategy for Derwentside does allow a local focus to be given to structural economic issues that need to be addressed over a long period of time. For example, a strategy for Derwentside provides a clear framework when addressing opportunities and potential threats from regional and sub-regional growth strategies based on the city regions. Fundamentally, a strategy for Derwentside provides an opportunity to gain ownership and commitment from local, county and regional partner agencies, in addressing issues of concern to Derwentside.
- 3.2 One NorthEast published the Regional Economic Strategy (RES) for the North East of England on the 27<sup>th</sup> September 2006, setting out its vision and targets for the future prosperity of the region. The RES was accompanied by a draft Regional Economic Strategy Action Plan (RESAP) which aims to prioritise resources over the 2006/11 period. The emerging County Durham Economic Strategy highlights the latent potential of County Durham to make a major contribution to the economic growth of the wider city region. There are five main principles underpinning the new County Durham Economic Strategy:
- **A new and innovative approach to economic development**
  - **Investing in areas of opportunity**
  - **Strategic approach to interventions**
  - **Emphasis on coordination of investment and action**
  - **The need for spatial interdependence**
- 3.3 The contribution of County Durham as a whole is highlighted in the RES as providing considerable potential to increase the GVA of the Region but it does not adequately highlight the significance of Consett and Stanley as important employment centres. Earlier drafts of the County Durham Economic Strategy identified three strategic economic corridors in the County which already had a significant business base and had the potential for significant further investment. The Consett – Stanley – Chester le Street Corridor was identified as an important investment location close to the heart of the Tyne and Wear City Region. It was considered as an area of substantial economic opportunity, offering investors and companies further choice with regard to where to invest in the North East. A number of concerns have been expressed that the current draft of the County Durham Economic Strategy no longer highlights the Consett – Stanley – Chester le Street Corridor and the major contribution the area can make to the County Durham and regional economy.
- 3.4 In addition to the above, a number of significant issues have been identified by the Economic Development Forum that strengthens the need for an effective local economic development strategy for Derwentside. Unemployment has

begun to rise over the last twelve months and there remains a significant number of people on Incapacity Benefit. Derwentside still needs more new business start-ups and more modern business space. At three times the national average, Derwentside still has a higher proportion of people employed in manufacturing rather than service industries. Derwentside has a strong engineering sector but still needs to improve the productivity and competitiveness of all local businesses to enable them to compete in a global market and provide job opportunities for local people. Some Derwentside companies still have problems recruiting local staff which in some cases has seen significant numbers of people coming to the area from across the European Union.

- 3.5 In response to the issues identified by the Economic Development Forum and from detailed discussions with twenty local businesses, a draft Economic Development Strategy has been prepared for the period 2008-2013. A summary of the draft strategy is provided as an appendix to this report with the proposed key strategic aims of the strategy as follows:

**Aim 1:** Raise Aspirations and levels of enterprise.

**Aim 2:** Increase the levels of new business formation

**Aim 3:** Improve productivity and competitiveness of businesses

**Aim 4:** Provide additional modern business floorspace and infrastructure

**Aim 5:** Improve the employability, skill levels and participation of residents

**Aim 6:** Improve the Town Centres of Consett and Stanley

**Aim 7:** Improve Customer Communications

- 3.6 The Councils Economy Scrutiny Panel and the Economic Development Forum have already reviewed progress on the previous strategy and considered the outline of an economic development strategy to 2013. The next stage is to begin a process of wider consultation with key stakeholders in the area before presenting a finalised strategy to the Council and the Local Strategic Partnership. An outline of the proposed consultation timetable is set out below:

- Stakeholder consultation September to November 2007
- Learning and Economy Scrutiny 4<sup>th</sup> December 2007
- Executive 14<sup>th</sup> January 2008
- Local Strategic Partnership January 2008.

- 3.7 In consideration of the above details, the principal options available to the Council are as follows:

**Option 1-** Agree to the consultation timetable for a Derwentside Economic Development Strategy 2008-2013

**Option 2 -** Suggest an alternative consultation timetable for a Derwentside Economic Development Strategy 2008-2013

**Option 3 -** Reject the need for a Derwentside Economic Development Strategy 2008-2013

## **4.0 Conclusion**

- 4.1 A Derwentside Economic Development Strategy is needed to make sure a local economic development agenda is set rather than responding to Regional and County agenda that may not be to the benefit of Derwentside. The new County Durham Economic Strategy has yet to be finalised and it is important that the Derwentside Economy Development Strategy is able to consider what impact this could have on the area.
- 4.2 Major issues such as worklessness have yet to be fully addressed and will require a sustained approach from agencies that can be brought together and united behind a local economic development strategy.
- 4.3 The Economic Development Forum is committed to a review of the strategy and to the need to develop a strategy for 2008 and beyond and to drive forward the continued economic development of Derwentside.

## **5.0 RECOMMENDATIONS AND REASONS**

- 5.1 It is recommended that Option (i) is agreed and the outline timetable for a Derwentside Economic Development Strategy 2008-2013 is agreed.
- 5.2 The reasons for this recommendation are that:
  - The need for a local economic development strategy for Derwentside has been recognised by the Economy Scrutiny Panel and the Economic Development Forum;
  - The Economic Development Forum provides an effective multi-agency group to drive the strategy forward for the benefit of residents and businesses of Derwentside.
  - The draft strategy fully identifies the key issues and opportunities that need to be addressed to ensure Derwentside develops a robust, self sustaining local economy; and
  - The timetable for consultation provides an opportunity for full and open consultation with key stakeholders.

### **For Further Information Contact:**

Peter McDowell, Head of Economic and Community Development – Tel: 01207 218239 or email: p.mcdowell@derwentside.gov.uk

## Appendix

### **Key Strategic Aims of the draft Derwentside Economic Development Strategy 2008-2013**

#### **Aim 1: Raise Aspirations and levels of enterprise.**

The need for young people to have the attitude and expertise to succeed in the global economy remains a key driver to the long term economic prosperity of Derwentside. Raising aspirations and levels of enterprise in all age groups from primary school to post sixteen is needed to ensure people are properly equipped to make the transition from school to the workplace.

#### **Actions**

- Sustain and embed enterprise education at primary and secondary level
- Establish post 16 and community based enterprise awareness
- Further develop employer engagement in education

#### **Aim 2: Increase the levels of new business formation**

The net number of new businesses being established in Derwentside, as measured through the increase in VAT registrations, has gradually increased over the period 2000-2006 but remains significantly below the national average. The priority for Derwentside is to help create increased levels of new businesses that add value to the economy. This can be achieved through providing effective enterprise support with appropriate modern premises and infrastructure. In particular, there is a clear opportunity to attract high-technology new businesses to the area, building on links with local universities and providing long-term, highly skilled, sustainable job opportunities for the area.

#### **Actions**

- More knowledge based hi-tech businesses
- Enhanced enterprise support and aftercare for value adding businesses
- A business start-up network including the community and voluntary sector

#### **Aim 3: Improve productivity and competitiveness of businesses**

Competitive advantage remains the key to the long term success of any business. Long term employment opportunities for local residents are more likely to come if Derwentside can develop more competitive businesses and to ensure existing businesses maintain competitive advantage.

Derwentside already has a range of globally successful businesses with competitive advantage but needs more. A number of factors will contribute to this long term challenge, including the availability of people with the right skills; the availability of modern premises and infrastructure; and an environment that supports business growth and innovation.

### **Actions**

- Supporting an effective Business Link for Derwentside
- Intensive targeted support for businesses.
- Sustained knowledge transfer through University and business co-operation
- Extending business clustering and collaboration
- E-procurement support

### **Aim 4: Provide additional modern business floorspace and infrastructure**

The availability of modern business floorspace is critical to developing modern, competitive, knowledge based businesses which in turn provides the basis of a robust, self contained local economy.

Demand studies show a need for modern, quality premises in Derwentside. The issue of critical concern is the ability of the commercial market to meet this need. It remains the case that the commercial property market continues to fail in Derwentside with the need for the public sector to undertake direct developments of office and factory space or provide gap funding to bridge the difference between cost and value.

### **Actions**

- Direct development of modern offices and factories
- Support for public/private development partnerships
- Improvements to selected failing industrial sites

### **Aim 5: improve the employability, skill levels and participation of residents**

Derwentside has seen substantial reductions in Job Seeker Allowance claimants in recent years but significant numbers of residents remain on inactive benefit such as Incapacity Benefit. The newly established Derwentside Employment Team has provided additional support for residents seeking to return to work with a clear long term aim of providing support for those claimants who are not newly registered for IB support. Self employment has been shown to provide an attractive opportunity for residents returning to the workplace.

Employers still face a range of recruitment difficulties. Improving the employability and skill levels of all residents, including those on inactive benefit, remains a priority to meet the needs of business.

### **Actions**

- Long term support for residents into work
- Local delivery of support services, including health, education, employment and training.
- Support for residents to self employment

### **Aim 6: Improve the Town Centres of Consett and Stanley**

Derwentside has two town centres of Consett and Stanley that together provide a range of retail, leisure and other support services for local residents. The centres provide a range of local employment opportunities and there commercial vitality is critical to the long term objective of achieving a self-contained, robust local economy for Derwentside.

**Actions**

- Improved retail offer
- Renewal of the urban core
- Improved physical environment
- More enterprising independent retailers.

**Aim 7: Improve Customer Communications**

Effective promotion of Derwentside as a quality business and residential location is one of the most critical factors that will determine the development of a robust local economy that can attract and sustain businesses over a sustained period of time. Effective communication and understanding customer needs is paramount.

**Actions**

- Invest in Derwentside Campaign
- A bigger business network for Derwentside
- A co-ordinated business support service with Business Link
- Improved e communication and web based promotion