



## **Economy and Enterprise Overview and Scrutiny Committee**

**Date**      **Friday 4 March 2022**

**Time**      **9.30 am**

**Venue**     **Committee Room 2, County Hall, Durham**

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### **Business**

#### **Part A**

**Items which are open to the Public and Press**  
**Members of the public can ask questions with the Chair's agreement,**  
**and if registered to speak.**

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held on 20 December 2021 (Pages 3 - 10)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Business Durham - Progress Report (Pages 11 - 38)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Managing Director Business Durham
7. Inclusive Economic Strategy (Pages 39 - 136)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by Regeneration Policy Team Leader and Spatial Policy Manager, Regeneration, Economy and Growth

8. Quarter 3 2021/22 Performance Management Report  
(Pages 137 - 162)  
Report of the Corporate Director of Resources
9. Minutes of the meeting of the County Durham Economic Partnership  
held on 1 December 2021 (Pages 163 - 170)
10. Such other business as, in the opinion of the Chair of the meeting, is  
of sufficient urgency to warrant consideration

**Helen Lynch**  
Head of Legal and Democratic Services

County Hall  
Durham  
24 February 2022

To: **The Members of the Economy and Enterprise Overview and  
Scrutiny Committee:**

Councillor B Moist (Chair)  
Councillor A Jackson (Vice-Chair)

Councillors M Abley, A Batey, G Binney, J Cairns, K Earley, C Hood,  
C Lines, R Manchester, C Marshall, C Martin, J Miller, R Ormerod, A Reed,  
I Roberts, A Sterling, A Surtees and S Wilson

**Co-opted Members:**

Mrs R Morris

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**Contact: Lucy Gladders                      Tel: 03000 269 712**

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**DURHAM COUNTY COUNCIL**

**ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Monday 20 December 2021** at **9.30 am**

**Present:**

**Councillor B Moist (Chair)**

**Members of the Committee:**

Councillors A Jackson, M Abley, A Batey, G Binney, J Cairns, C Lines, R Manchester, J Miller, A Reed, M-Idwal Roberts and M McKeon

**Co-opted Members:**

Mrs R Morris

**1 Apologies for Absence**

Apologies for absence were received from Councillors C Hood, C Martin, A Sterling, A Surtees and R Ormerod.

**2 Substitute Members**

Councillor M McKeon substitute for Councillor A Surtees

**3 Minutes of the meeting held on 11 November 2021**

The Minutes of the meeting held on 11 November 2021 were confirmed as a correct record and signed by the Chair.

**4 Declarations of Interest, if any**

There were no declarations of interest.

**5 Items from Co-opted Members or Interested Parties, if any**

There were no items from Co-opted Members or interested parties.

## 6 Investment Pipelines

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the various initiatives, projects, strategies, and governance that were aimed at generating economic growth within County Durham (for report and slides of presentation see file of Minutes).

The Corporate Director of Regeneration and Growth provided a detailed presentation which highlighted and provided detail on the following: -

- Context of the Inclusive Economic Growth Strategy
- Current and Proposed Interventions (pipelines).  
REG Capital Programme  
Strategic Employment Sites  
Levelling Up Fund / White Paper / UKSPF  
Towns and Villages  
Future High Street & Stringer Towns Funds  
Regional Devolution
- Major Programme Board
- Capacity

The Corporate Director of Regeneration, Economy and Growth explained that the presentation provided detail of the investment programme particularly for the County Council however it also provided detail of broader themes of investment across the county. It was explained that the inclusive economic Strategy was about the next wave of investment and that the council would continue to invest in current projects. The strategy also focused on the next wave of investment above and beyond current investment. She explained that it was essential for the council to build a project pipeline for both Capital and Revenue Projects that is geared up and prioritised to support the Inclusive Economic Strategy. The Corporate Director of Regeneration, Economy and Growth highlighted the importance of inclusive in the title of the strategy, as the strategy is inclusive in design, development and implementation and that no single body can deliver the strategy, it is a collective strategy, developed in partnership.

The Corporate Director continued that there is a commitment for a conversation to be undertaken on the strategy, discussing and understanding opportunities with local communities, partners and voluntary sector and then following this process, use the evidence gathered to construct our priorities. It was also highlighted that the strategy will position the County for levelling up funding and will allow us to co-ordinate what we do to cluster investment and developments in the economy.

Further details were provided regarding the capital programme which highlighted the scope and scale whilst noting that this was from within one service and did not include private sector growth. She continued that the detail covers the period 2021-2025 and details commitments within the Medium Term Financial Plan of over £300m in capital investment in regeneration projects. The Corporate Director of Regeneration, Economy and Growth continued that in the next five to ten years there will be a lot larger investment programme as the figures do not include private sector investment, leverage inward investment and future investment which we may be successful in gaining via the Levelling Up Fund. It was highlighted that in order to deliver the various projects it is a real team effort across various

services within the council and it was important to note the breath of the projects within the current programme.

The presentation then went on to provide an overview of the county's strategic employment sites and how the reputation of sites such as NetPark provided a wider anchor in the county attracting more inward investment.

Moving on to discuss the National Levelling Up Fund it was explained that this was a strategic amount of funding that would be released over three phases. Each parliamentary constituency was permitted to bid once up to £20m. The first phase had been completed with another five opportunities to bid for the five further constituencies remaining and a long list of potential projects which would be considered by Cabinet in the new year and taken forward to bid stage. Bishop Auckland had been successful in gaining £31m across three bids the maximum number of bids allowed. It was highlighted that it is competitive and resource intensive process with officers working on bids for future bidding rounds and it was confirmed that Rounds 2 and 3 are expected to be announced later.

The Corporate Director of Regeneration, Economy and Growth went on to provide a summary of the Towns and Villages programme. It was highlighted that the county has a significant and diverse number of towns and therefore a different type of investment programme was required, with its aim to make all our towns and villages vibrant. It was highlighted that Masterplans do not deliver growth in themselves they make us ready for investment opportunities which arise. DCC has invested £25m across the towns in the county based on the needs and opportunities of the various towns supplementing existing programmes and accelerating their delivery.

In relation to Bishop Auckland this had been successful at gaining funding from two funds the Future High Street Fund and the Stronger Towns Funds delivering better outcomes and economic value via individual projects, with the town securing over £50m in funding across a range of projects.

Moving on, the Corporate Director of Regeneration, Economy & Growth talked about regional devolution and the opportunities this presented for enabling further investment. Whilst the council had expressed a strong interest to Government in this regard, hopefully will get clarity and more information in the new year.

In conclusion the Corporate Director of Regeneration, Economy and Growth highlighted the ongoing work of the Major Programme Board which oversees the totality of the projects, managing risk, opportunity and capacity with the forward planned approach ensuring that projects are delivered within timescale.

The Chair commented that it was fantastic to see such a positive investment pipeline and thanked the officers for the detail provided in the report and presentation. In addition, he commented that the establishment of the Major Programme Board was a significant initiative which had been introduced by the Corporate Director.

Councillor Reed raised a query regarding the Future High streets and associated funding as referenced on page 32 of the report. She noted that of the 13 projects identified, 11 were DCC projects, 2 are private projects and asked of the large sum of money that was available, where was this drawn from and why were funds earmarked for private dwelling ownership and could anyone apply for this funding.

In response the Corporate Director of Regeneration, Economy & Growth advised that this came back to the earlier point made regarding viability, the private sector is investing a significant amount it is therefore match funding alongside public sector investment to support development where the project is considered a worthy investment. This occurs when a really good viable business is struggling with funding. She also referenced the reuse fund for community properties in towns which would contribute to a more vibrant street scene.

In addition, the Economic Development Manager advised that there was also a targeted approach on long-term voids, where improvements could be made to retail ground floor space and opportunities for diversification of use, for example by encouraging use by Airbnb or the like on upper floor areas. The budget for this initiative was £1million, 15 applications had been received to date, with a leverage ratio of around 3:1 for the money being committed through that fund against private funds coming forward.

Councillor McKeon commented that she noted that a lot of the strategic employment sites identified were clustered in the south and east of the county and asked what the job creation strategies were in the north and west of the county. In addition, she commented that she was aware that many people who worked at Integra 61 used public transport and it was known that without further government funding, further cuts to public bus services would be made. She therefore queried how this would impact upon the county's growth strategy. She went on to ask a further question relating to Bishop Auckland, and the Auckland project, noting that this being the anchor project for the town, was a philanthropic exercise rather than a purely economic one and if it was held up as an example of public and private partnership, then the hook was philanthropy rather than investment. She asked therefore how feasible it would be to roll that model out to other towns without an actual donor being willing to come forward.

In response the Corporate Director Regeneration, Economy and Growth explained that these were strategic sites across the county identified within the County Durham Plan, and explained the links to the transport network and availability of land for the A1 and the A19 corridor and the importance of the sites due to their location. However, there are other sites across the county which are important and gave the example that the Forrest Park site is next to Aycliffe Business Park. In addition, she explained that not every area would have a significant strategic site but it was important to ensure that our population in our communities have got the skills to be able to access those job opportunities created at strategic sites in the county.

In respect of the issue regarding public transport noted the importance of being able to also access those opportunities regardless of where you live in the county. Therefore, the County Council were currently making strong representations to the government's Bus Services Improvement Plan to secure significant revenue support, which is critical for bus provision in rural areas supporting those services that are not commercially viable for a private operator.

In relation to the last question, she explained that the Auckland project was a distinct situation, having a philanthropic investor in the county who could invest on that scale, however despite this there was a lot to learn from this project noting that although the initial investment was there it still had to be sustainable over time and supporting investments

that might not on the face of it tick all of the boxes in terms of the Green Book and treasury guidance but actually with the right approach can be sustainable if we take that long term approach.

Councillor Lines noted that it was known that a successful business park could have a positive knock-on effect for the wider economy and explained that he had recently discussed with a business owner the reasons why he had relocated from outside of the county to a site close to NetPark due to the emerging development there, including good employee and business facilities aiding good mental health and wellbeing. He therefore asked what was being done to capture, measure insights like that which demonstrate the indirect impact of our own capital investments and how do we harness this to market the county in the future.

In response the Corporate Director of Regeneration, Economy and Growth explained that those inward investments create clustering so businesses want to be there amongst other businesses that not just in the same sector, but those that were successful and innovative, focused on new technologies. Data like this was captured, DCC has a strong inward investment function including where business were coming from, what they require, businesses that they may want to join, so we can point them to the appropriate site for their business needs and aspirations. The County is strong at pushing the messages of what we have to offer and will continue to push this message further in the new year.

Mrs R Morris, Co-optee in referencing the skills agenda asked whether the council were or had considering getting a dialogue going with industrialists to determine what the skills of the future were. She continued that reference had been made to underperformance of the workforce from school and onwards and asked if the kind of skills that are going to be needed would be articulated and whether this was something that the major programme board would be taking forward.

The Corporate Director of Regeneration & Economy explained that aside from the skills programme, aspirations were much harder to drive and to quantify. However, creating a place that young people feel proud of and want to stay in and represent all they want from a community. In terms of the skills programmes she explained that we do have a number of groups across the county, for example in manufacturing but also with the groups around visitor economy, however acknowledged that through the economic strategy it would need to be determined whether we have got enough information and intelligence around the skills strategy to ensure that the county was investing in the right areas and that we can do that in the real time that business need those skills in. She went on to highlight the opportunities that existed with the university in County Durham who we were keen to actively engage with business.

She went on to explain that devolution could play a vital role in having control over centralised skills budgets so that the council could work with businesses to understand what they really need and to target programmes for the county using businesses and their knowledge. In addition, the Economic Development Manager explained that the levelling up fund were looking at UK shared prosperity going forward and how that as a replacement for European funding could give us some flexible opportunities to address specific sectoral weaknesses in schools and identify gaps in the sector.

Councillor Jackson noted that the levelling up funding bids were a multi phased approach and queried on the basis that it had been explained that this was achieved through competitive tendering, was the council well placed to be bidding for rounds two and three and did the team have all the resources required to enable them to do that. In response the Corporate Director Regeneration, Economy and Growth added that the team did not know yet when the other two rounds would be released however the team were getting ready with the bids now to give DCC the best opportunities when the time came.

**Resolved:** That the contents of the report and presentation be noted.

## **7 Economy and Enterprise Overview and Scrutiny Review - Support provided to the retail sector by Durham County Council**

The Committee considered a joint report of the Corporate Director Resources and Corporate Director Regeneration, Economy and Growth which provided an update on the progress made in relation to the recommendations contained in the Economy and Enterprise OSC scrutiny review report looking at the support provided to the retail sector by Durham County Council (for copy of report and slides of presentation see file of Minutes).

G Paul, Head of Development and Housing provided a detailed presentation which provided information regarding retail pressures, changing retail patterns, growth in online retailing, details on national policy, vacant units, and the current scope of retail support services in County Durham. He went on to provide a snapshot of some of the work undertaken to date on targeted business improvements in County Durham.

The presentation then went on to highlight service inputs and how those were co-ordinated via Town Based Co-ordination Groups, Town Partnerships and AAPs alongside the various funding programmes available, such as DCC capital programme, Towns and Villages Programme, Reopening High Street Safety Fund and the Welcome Back Fund.

In terms of what was next, the Economic Development Manager highlighted retail trends and opportunities to be seen in 2022, including repurposing retail floorspace, retailtainment, discount retail growth and ongoing support for independent retailers. The presentation also highlighted retail support priorities in this regard and provided details of footfall in Seaham Town Centre alongside visitor count information.

Councillor Batey added that she found the presentation to be very informative and welcomed the updated position on the masterplans for local towns. She did however feel that more could be done to improve communications regarding some of the good repurposing work that was being done and to explain the varying issues across our town centres. She also suggested that more could also be done through AAP consultations to better spread the messages around the community to allow for a better understanding of why certain things were happening with town centres, the need for town centres to evolve and change to meet the changing needs of residents.

The Head of Development and Housing acknowledged the councillors' comments in relation to pro-active communication and agreed to take this away.

Councillor McKeon added that she noted that many businesses had been forced to or were facing closure in part due to the cost of rents charged in some areas, mainly Durham City

and asked what could be done to help these businesses. In addition, she noted that as a regular bus user, she found that when she was undertaking a large shopping trip and using public transport, there is no provision at bus stops to put shopping bags whilst waiting, resulting in you having to place bags on the floor. She therefore queried whether there was any scope to review how larger shopping areas can better accommodate bus users.

In response the Head of Development and Housing explained that cost of rents was only half the equation, as footfall and income had also decreased massively in recent years however acknowledged that business premises rents were a challenging issue to resolve although the council working with partners are repurposing town centres.

In addition, the Economic Development explained that there had however been successes seen through active engagement with local owners, for example in Chester-Le-Street where lower rent had resulted in repurposing or reuse of premises to increase occupancy whilst promoting the shop local message. In response to the reference made to the Arnison Centre and facilities at bus stops he noted that as this was privately owned the council had less traction to request these improvements, however noted the councillor's comments.

Councillor Miller asked whether those departments within the council who supported retail business are all in agreement that this was a top priority for the council as he was concerned that without full support from across DCC the high street would continue to decline. He highlighted his concern for family run businesses in local communities.

The Corporate Director of Regeneration, Economy and Growth explained that this was a county council priority with Town Centre regeneration the most strategic priority.

#### **Resolved:**

That the contents of the report and presentation be noted.

## **8 Quarter Two 2021/22 Revenue and Capital Outturn Report**

The Committee considered a joint report of the Corporate Director of Resources and Corporate Director of Regeneration, Economy and Growth which provided details of the forecast outturn position for quarter 2 revenue and capital for Regeneration, Economy and Growth as at 30 September 2021.

The Finance Manager Resources and Regeneration explained that the service at quarter 2 were reporting a forecast underspend of £0.230 million against a revised budget of £54.6 million. In arriving at the cash limit position, COVID-19 related expenditure and loss of income, net savings as a direct result had been exclude from the outturn, as they were being treat corporately and offset by Government Funding.

The report went on to provide details of under and overspending against relevant budget heads and the reasons for each.

With regard to the capital programme, which was monitored on a monthly basis, it was explained that the revised budget stood at £96.721 million with actual spend in the first 5 months at £22.035 million. The key areas of spend during the year were on Office

Accommodation (£7.438 million) and Housing Renewal (£2.970 million). Other areas of the programme were profiled to be implemented during the remainder of the year.

**Resolved:**

That the contents of the report be noted.

## **9 Quarter Two 2021/22 Performance Management Report**

The Committee considered a report of the Corporate Director Resources which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes for the period July to September 2021 (for copy see file of Minutes).

The Corporate Scrutiny and Strategy Manager explained that the performance report was structured around three components and also included an overview of the continuing impact of COVID-19 on council services, staff and residents.

In addition, the report highlights key performance areas for concern and highlights were included within the report including detail on More and Better Jobs, Connected Communities, the impact of COVID-19 and overall risk management.

Mrs R Morris, Co-optee asked with regards to the percentage of young people not in education or training, whether the council were looking to address this poor performance and revise its current strategy. In response the Corporate Scrutiny and Strategy Manager advised that he would take this back to the relevant service and provide a response to Mrs Morris directly.

**Resolved:**

That the contents of the report be noted.

## **10 Minutes of the meeting of the County Durham Economic Partnership held on 20 September 2021**

**Resolved:** That the minutes of the Economic Partnership Board held on 20 September 2021 be noted.

**Economy and Enterprise Overview and  
Scrutiny Committee**

**4 March 2022**



**Business Durham – Progress Report**

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**Report of Amy Harhoff, Corporate Director of Regeneration,  
Economy and Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee (E&E OSC) with background detail on the activities of our Business Durham services highlighting the work and impact of the Councils investment in business support across the County working in partnership with the private sector.

**Executive summary**

- 2 Business Durham is part of the County Council's Regeneration Economy and Growth Directorate. It is a Council service focused on working with businesses to develop programmes to support sustainable investment. The team works across a number of other services within the Directorate including Development and Housing, Culture and Tourism, Transport and Assets as part of an integrated approach to investment and development.
- 3 As a Council we are strongly committed to our role in supporting business growth and services such as Business Durham provide a focused resource to enable this.
- 4 Members will be aware that the Committee receives, on an annual basis, an update on the activities undertaken by Business Durham, identifying the impact of that activity on the County.
- 5 The last progress report was considered by Committee in October 2020. The committee, when considering its work programme for 2021/22, agreed to include an update on the activities and performance of Business Durham together with a further update on continued support provided to the business sector to recover from the impact of Covid.

- 6 The report focuses on the following key areas of discussion for the Economy Overview and Scrutiny Management Committee: Business Durham's role and latest performance.
- 7 An update on the business support programmes provided through Business Durham including the Durham Business Recovery Grant.
- 8 A copy of the presentation is attached as Appendix 6.

## **Recommendations**

- 9 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and during the presentation.

## **Background**

- 10 Business Durham is the business support service for Durham County Council working as part of the wider Directorate of Regeneration Economy and Growth. The service is focused on helping to support businesses as part of a wider Council ambition to create more and better jobs and a strong competitive economy. Business Durham has the following mission, vision and strategic aims:

### ***Mission***

To enable economic growth, create jobs and improve lives in County Durham.

### ***Vision***

Business Durham will have a reputation for delivering measurable and inclusive economic growth.

### ***Strategic Aims***

1. Build a profile and reputation for County Durham as the best place to invest, start or grow a business;
  2. Improve our financial resilience and surplus;
  3. Deliver measurable inclusive economic growth and account for our performance to our stakeholders;
  4. Develop the ecosystem to enable County Durham to be a leader in innovation and enterprise; and
  5. Invest in our people, systems, and processes to ensure our organisation is robust and agile with a reputation for quality.
- 11 Business Durham operates the Council's industrial and business property portfolio via a commercial model, both to attract and grow tenant companies but also to use any surplus to pay for Business

Durham's public good activities in business engagement, innovation, sector development, inward investment and enterprise.

- 12 Business Durham continues to focus on sectors where activities will have the most economic impact. These sectors (effectively non-retail and non-leisure) account for approximately 9,500 businesses (VAT/PAYE registered) in County Durham.
- 13 To advise, inform and support its work, Business Durham benefits from an Advisory Board, Chaired by the Leader of the Council with representation from DCC elected Members and a number of private sector board members representing a range of business sectors in the County.
- 14 At the start of each financial year, the Business Durham Advisory Board agrees the Business Durham Annual Business Plan, including priorities for the year and targets for Key Performance Indicators. Performance against these targets is monitored by the Advisory Board on a quarterly basis.
- 15 The key performance indicators for 2021/22 and progress to the end of Quarter 3 (December 2021) is shown in Appendix 2.

## **Business Property**

- 16 The County Council has a broad and extensive role in the effective management of its land and assets and the opportunity through property and land to support regeneration and pump prime economic development can be extensive if considered as part of a managed plan.
- 17 As part of a broader County Council Assets Strategy to support business, economic growth and prosperity, Business Durham manages a substantial and varied property portfolio across County Durham. This includes industrial units, offices, the Durham Dales Centre and NETPark, the region's premier science park in Sedgfield. In total, the portfolio comprises 525 units and some 69,510m<sup>2</sup> of floorspace, supporting over 450 business tenants.
- 18 Despite the challenges posed by the Covid pandemic, Business Durham's property has performed well, with occupancy increasing across the portfolio to 95.23%, ahead of target for the year and above pre-covid occupancy levels.
- 19 Total income from the property portfolio is on target to achieve the full year forecast outturn of £5.5 million which would be a 12% increase from the previous year reflecting occupancy growth across the portfolio.

- 20 In 2019/20 a major investment was made by the Council to fund the development of 155,000 sq. ft. of speculative industrial units at **Jade Business Park** in Murton, working with private sector developer Highbridge Properties. All 7 units were completed in August 2020 and are managed by Business Durham. The site benefits from Enterprise Zone status and there have been high levels of interest with 6 of the units now occupied and Head of Terms agreed for the final unit, with the lease expected to complete soon.
- 21 In September 2021, Cabinet agreed to take forward plans for a £50 million investment in **NETPark Phase 3**, which will see the development of 270,000 sq. ft. of new laboratory, office, production and storage space to facilitate the scale-up of existing tenants, as well as inward investment enquiries from businesses looking to be part of the collaborative innovation community at NETPark. Planning approval is hoped to be granted shortly and detailed design work is expected to be completed by the end of March 2022. The intention is to appoint a building contractor from June 2022 onwards with the first buildings available September 2023.
- 22 The Council has also agreed a further £5 million investment at **Station Place, Merchant Park, on Aycliffe Business Park**, to support a development of 50,000 sq. ft. of speculative industrial units, responding to the demand for modern industrial space across the County. The construction of the industrial units is progressing well with construction due to be complete by Q1 2022/23. Business Durham will manage and market the units and be responsible for a 30 year head lease with the developer.
- 23 A scheme to develop some small industrial units at **South Church Enterprise Park** is in the early design stage following inclusion in the Bishop Auckland Stronger Towns Fund. It is expected that the scheme will be submitted for final approval from June 2022. Business Durham are also undertaking a feasibility study into the potential to develop further small industrial units in the west of the County.

### **Business Engagement and Business Support Programmes**

- 24 A key part of Business Durham's role is to build long-term relationships with businesses in the County in order to support their growth and long-term success for the benefit of the County's economy and residents. Business Durham engages with businesses through an area-based and sectoral approach and works closely with partners such as the enterprise agencies, the Engineering and Manufacturing Network (EMN), the North East Local Enterprise Partnership (NELEP), regional business support organisations, and local, national, and international business networks. In a typical year Business Durham will directly

engage with around 1,000 businesses across the County, including through 1:1 meetings, engagement at events and business networks organised by Business Durham, support for business tenants and engagement in the programmes of support delivered by Business Durham.

- 25 The team adopts an ‘account management’ approach to developing relationships with the key businesses in the County that are significant in terms of either their size or the sector in which they operate. This includes keeping in regular touch with the top 100 companies that together employ over 17,000 employees in the County. As part of this work, Business Durham delivers the **Northern Powerhouse Key Account Management Programme** for companies that are in foreign direct ownership, on behalf of the Department for International Trade (DIT).
- 26 In order to support enquiries from the smaller businesses in the County and to connect them with advice and opportunities to grow, Business Durham established the ERDF-funded **Durham Business Opportunities Programme (DBOP)**. A team of three Business Engagement Officers work with small businesses in the County that have not traditionally accessed business support, to help the businesses to identify and access market opportunities and connect to appropriate programmes of business support to meet their needs. Through the DBOP programme, Business Durham has also commissioned intensive strands of support focused towards helping companies to recover from COVID-19 and look for new market opportunities. These include:
- (a) **Construction Routes to Contract Success** – aimed at SMEs in the construction supply chain, support includes ‘meet the buyer’ events with Tier 1 contractors and advice on identifying tender opportunities and how to write better bids. 119 businesses have received support through this strand and a number of companies have reported substantial contract wins which they have attributed to the intensive support they received through the programme.
  - (b) **Covid support for micro and small businesses** – this provides 1:1 intensive marketing support for micro and small businesses to help them get back on track and find new customers. There have been over 166 enquiries for support and 64 businesses are currently actively engaged in the programme. 44 businesses have completed the programme and received a small grant to enable them to implement new marketing strategies.

- (c) **Engineering and Manufacturing** – working with the Engineering and Manufacturing Network (EMN) this strand supports small engineering businesses to gain the skills to exhibit successfully at trade shows in order to win work with new customers and includes the opportunity to have a stand at the annual EMCON engineering and manufacturing exhibition. To date 69 businesses have benefited from the strand.
- 27 Another programme of support available to SMEs in the County is the ERDF-funded **Digital Drive County Durham** programme, which Business Durham designed to enable businesses to become more resilient, efficient and profitable by using digital technology to gain a competitive edge and maximise growth. Since launching in January 2018, over 1,500 businesses across the County have engaged with the programme, with 467 businesses receiving at least 12 hours support. The programme also offers a grant towards the cost of businesses implementing new digital technology and equipment within their business, and to date 481 grants totalling over £1.4 million have been paid out to businesses. A fast-track approach to grants was introduced as part of the Covid-19 response and proved particularly valuable to enable businesses to implement home-working and online services.
- 28 For businesses with plans to expand in the County, the **County Durham Growth Fund (CDGF)** offers grants for SMEs that are investing in capital equipment or new premises in order to support their growth. Delivered by Business Durham in partnership with UMi, the fund commenced in April 2019 and, to date, has awarded grants to 53 businesses totalling £7.6 million, with over 750 jobs forecast to be created. This is one of the largest ERDF-funded projects in the region and has been commended for the way in which the project is being managed and administered, with a recent internal audit providing a ‘substantial assurance’ finding. The scheme has been particularly important to support SME growth plans as the economy moves into the recovery phase from Covid and has also helped attract a number of companies to locate into the County.

## **Inward Investment and Finance Durham**

- 29 Inward Investment is the process by which businesses new to the County establish a physical presence bringing investment, jobs and new capabilities to the County’s economy. Inward Investment is closely associated with the funding and development of strategic sites and premises, but it is the landing of occupiers from outside of the County that is, strictly speaking, the business of Inward Investment.
- 30 Business Durham takes the lead on handling inward investment enquiries and working as part of the wider directorate services for

transport, planning, economic development and funding has been successful in securing a number of inward investment projects for the County in recent years. In the last five years, over 3,000 jobs have been created through 45 inward investments (see Appendix 4) despite economic uncertainty due to Brexit and Covid having a considerable impact on enquiries, with larger inward investment projects taking longer to come to a decision. 2021/22 has seen activity start to pick up, especially in the manufacturing and technology sectors, and to date this year there have been 11 inward investment projects secured for the County, that will generate 375 jobs and invest £5.8 million in the County Durham economy.

- 31 In May 2017 the Council established the £20 million **Finance Durham** investment fund. The purpose of the fund is to help deliver business growth and job creation in the County through providing loan and equity finance to high growth businesses. The fund is managed by an experienced, FCA-authorised, investment fund manager, Maven Capital Partners on behalf of the Council. To date, Finance Durham has invested £9.4 million into 19 companies, generating £30 million private sector leverage and supporting the creation of 280 jobs. Together the portfolio employs over 500 staff across the County in core growth sectors including technology, engineering, tourism, renewables and scientific innovation. There are a further 3 projects in the pipeline which are expected to bring the total invested to £10.3 million in 22 companies during the first 5 years of the fund.

### **Enterprise and Business Start-up**

- 32 In addition to the work to support existing businesses in the County, and to attract inward investment, Business Durham works with partners to encourage more new businesses to start-up in County Durham. This includes supporting university spin-outs and innovative businesses developing new products and services in emerging markets which have potential for global growth.
- 33 **Durham City Incubator (DCI)** is a partnership initiative with Durham University and New College Durham, which is based at Salvus House. DCI supports ambitious entrepreneurs/founders with the vision to start and develop a high growth business in County Durham. In particular, DCI encourages graduate/post-graduate talent from Durham University and New College Durham with innovative businesses ideas or concepts to apply, as well as Durham-based business owners. DCI offers an intensive 6-month accelerator programme that runs from January to June and July to December each year, with around 8 entrepreneurs per Cohort. Since DCI began in January 2019, 48 high growth start-up businesses have been supported over six Cohorts, and collectively they have raised over £3 million of investment to date.

- 34 In February 2020, ERDF funding was approved for a new project to enhance the enterprise and start-up offer in the County, called '**Durham Ambitious Business Starts (DABS)**'. The programme launched in June 2020 and has two elements: support for potential entrepreneurs thinking of starting a business, and support for new businesses that have been trading for less than one year. A variety of innovative delivery methods are being piloted and an online 'start-up portal' has been created to bring together and showcase the support available from all providers for potential start-ups in County Durham:  
<https://www.durhamstartups.co.uk/>
- 35 To encourage young people to develop their enterprise skills and consider a career in business, for many years Business Durham has run a schools enterprise competition called **Future Business Magnates**. All secondary schools in the County are invited to enter a team of Year 8 students, which are partnered with a local business and complete a series of six challenges to develop an idea for a new business. The competition typically launches in November each year and culminates in an Awards Evening in June to celebrate the achievements of the students. Regrettably the impact of Covid-19 and the resulting closure of schools for much of 2020 and 2021 forced the cancellation of the 2019/20 and 2020/21 FBM competitions. Therefore, the team have developed a strategy to pilot a new digital format for the competition. A series of films and supporting resources have been commissioned for each element of the competition, and an online platform has been developed, which will be accessed through the Durham Start-ups portal: <https://www.durhamstartups.co.uk/future-business-magnates/> The new digital FBM competition launched on 3<sup>rd</sup> February 2022 with 12 secondary schools having signed up to participate, and the teams have been challenged to come up with a business idea addressing the theme of "*Solving Problems in an Ever Changing World*".

## Innovation

- 36 As a Council we work strategically with key partners including Durham University, the Centre for Process Innovation and the Innovation SuperNetwork, to support and encourage businesses to innovate and develop new products and services, particularly in sectors where the County has strength or where there are emerging market opportunities.
- 37 One sector with significant opportunities for growth is the space and satellites sector. In 2014 Durham County Council was one of the three organisations contracted in the UK by the Satellite Applications Catapult to develop and deliver regional Centres of Excellence. Based from NETPark, the North East Satellite Applications Centre of Excellence (NESACoE) involves partners including the five universities in the

region, businesses with space sector interests and other key regional stakeholders. NESACoE is jointly funded by the Catapult and UK Space Agency to stimulate and support the growth of the space sector in the region and to play a role in fostering new collaborations between academia and businesses to support business growth.

- 38 As a result of the work, there is a growing cluster of space businesses in the North East region, and the vision is to position the North East as a major space cluster in the North of England. There are plans to develop a North East Space Hub as part of the Phase 3 development at NETPark and a Space Leadership Group of key businesses involved in the sector has recently been established. This work is now attracting interest from potential inward investors in the space sector – Lockheed Martin Space has identified the North East as a potential location for its new satellite manufacturing facility and a major supply chain and skills event is planned to take place on 1 March 2022 to engage with regional businesses and learning providers. Business Durham is organising a North East Space conference to be held the following day in Durham.
- 39 Business Durham also has an ERDF-funded programme, **Durham Future Innovations Building (DFIB)** to support SMEs to invest in R&D and build their potential to innovate successfully, focusing on three key growth sectors; Construction, Elec-tech and Healthcare. In November 2021, Business Durham also received approval for one of the two **Community Renewal Fund (CRF)** applications that were submitted to Government in the summer - the only County Durham project to receive approval. The '**Emerging Markets Innovation Accelerator**' will be a six month project until June 2022, in partnership with Durham University and CPI, to harness the capabilities of the three partners to further develop an innovation culture in County Durham, focusing on opportunities in emerging markets where the County has strength/potential, such as advanced materials and space, and our joint working at NETPark.

### **Durham Business Recovery Grant**

- 40 On 13 January 2021, Durham County Council approved a £5 million Business Recovery Grant Scheme, open to businesses located in the County in all sectors. The funding was made up of £3 million from Durham County Council's general fund and an allocation of £2 million from the Additional Restrictions Grant.
- 41 In May 2021 the Council agreed to allocate an additional £1 million to the scheme from the Control Outbreak Management Fund (COMF) as a significant number of applications to the scheme were to enable businesses to adapt their workplaces and practices to be Covid safe for

employees and customers. This brought the total fund for the Durham Business Recovery Grant scheme to £6 million.

- 42 The Durham Business Recovery Grant (DBRG) was aimed at businesses that had experienced a significant adverse impact from Covid and had a credible plan to adapt and recover from the impact of Covid-19 but required additional financial support to be able to implement their recovery plan. The scheme offered grants of £1,000 up to a maximum grant of £40,000, with a grant intervention rate of 75% and the balance coming from the business. Businesses based in County Durham that employed up to 250 people within the County in all sectors were eligible to apply.
- 43 The scheme was open for applications from 14 January to 30 April 2021. A total of 786 applications were received to a value of £12.24 million, meaning the fund was heavily over-subscribed. To date, 347 applications have been approved, and £5.2 million of grant has been awarded. Of the total applications approved, 199 are for grants of under £10,000 and 148 are for grants of over £10,000.
- 44 Appendix 5 summarises the geographic spread of approved applications and the number and value of grant approved by sector. All sectors of the economy were eligible to apply for the DBRG and there has been a good spread of applications. Projects have ranged from capital expenditure for machinery to improve processes, support cost reduction, and improve profitability at a time of increasing inflationary costs pressures, whilst not reducing headcount. There was a leap in the adoption of digital technology such as “digital twin” projects in manufacturing to map the factory floor, processes, materials used to cost projects and capacity over a much shorter timeframe. The take up of technology by the tourism, hospitality and leisure sectors through the electronic points of sale tablets has helped to reduce the need to handle cash and reduce infection. Outdoor seating, tables and patio heaters have been very popular in the hospitality sector helping premises which previously did not have outdoor areas to trade outdoors in a socially distanced manner. There have been projects across most sectors to improve electronic sales, bookings, and overview of stock leading to efficiency and profitability gains.
- 45 Businesses strongly welcomed the support provided by the Council through the Durham Business Recovery Grant. In addition to the positive impact on business confidence, the scheme is helping to safeguard over 3,900 jobs in the businesses supported, and a number of businesses have reported that they will create additional employment as a result of implementing their recovery plan, although this was not a requirement of the grant scheme. In addition to the safeguarded jobs, there has also been a local multiplier effect from the grants, with many

of the businesses using local suppliers to implement their recovery plans, further supporting local jobs, economic recovery and local wealth-building.

- 46 The grant scheme has also engaged businesses in the County that had not previously had a need to contact Business Durham, providing an opportunity to build an ongoing relationship with these companies and connect them into other support to continue to develop their businesses in the future.

## **Conclusion**

- 47 The County Council prioritises support for our business community and the role that sustainable business has in supporting our economy and residents.
- 48 Our services through Business Durham deliver considerable economic impact for the County, supporting businesses through a range of programmes to start-up, locate and grow in the County, as well as providing vital support for businesses to recover from the impact of Covid 19.
- 49 As we look forward to 2022, we will continue to focus on our existing businesses and attracting new to our County, the service will play a key role in supporting the development of the Inclusive Economic Strategy and providing an even greater focus on the strengths and opportunities of the economy.

## **Background papers**

- None

## **Other useful documents**

- None

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<b>Contact:</b>	Sarah Slaven	Tel: 03000 261258
	Diane Close	Tel: 03000 268141

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## **Appendix 1: Implications**

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### **Legal Implications**

This report is for information only

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable

## Appendix 2: Business Durham 2021/22 Performance (to end Q3)

Strategic Aims	Objectives 2021-22	Target	YTD
1. Build a reputation for County Durham as THE place to start grow or invest in a business	1.1 Increase the numbers of users of our social media & website activity	10%	4%
	1.2 Increase profile through delivering regular PR items including press releases, editorial, columns, advertorial & case studies	52	45
	1.3 Deliver marketing activity to increase enquiries for property & support available through BD	Q4	On track
	1.4 Promote BD programmes to support the drive towards recovery	Q4	On track
2. Improve financial resilience	2.1 Increase business occupancy	85%	95.23%
	2.2 Generate commercial rental income	£5.5M	£4.03M
	2.3 Deliver Business Durham operating surplus	£0.25M	On track
	2.4 Extend value of property portfolio	£5.0M	£4.9M
	2.5 Net debt reduced (30 days +)	£250k	£269k
3. Increase productivity and growth	3.1 Jobs created or safeguarded	1,500	5,290*
	3.2 Number of businesses engaged	1,000	639
	3.3 Businesses engaged through events & networks, incl virtual	500	111
	3.4 Businesses intensively assisted	350	363*
	3.5 Value of GVA impact	£44M	£155M
	3.6 Inward Investment projects secured	10	11
	3.7 Investment secured for companies	£5M	£6.68M

Strategic Aims	Objectives 2021-22	Target	YTD
4. Develop the innovation and enterprise ecosystem	4.1 Potential entrepreneurs supported	60	46
	4.2 Business start-ups supported	76	43
	4.3 Businesses engaged in innovation	300	184
	4.4 Innovation links & collaborative projects brokered	50	34
5. Invest in our people, systems, and processes	5.1 Staff satisfaction level	90%	<i>Due Q4</i>
	5.2 Proportion of staff upskilled	100%	<i>On track</i>
	5.3 Reduce staff sickness & absenteeism	(10%)	<i>Due Q4</i>
	5.4 Implement & embed hybrid model of working	Q2	<i>Achieved</i>

\* 3,041 of the jobs safeguarded and 227 of the businesses intensively assisted were through the Durham Business Recovery Grant

## Appendix 3: Business Durham Property and Occupancy Levels

Property Name	No of Units	Gross Floor Space (m2)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21
Jade Business Park, Seaham <sup>1</sup>	7	14,458				44.3%	92.9%
Sacrison Industrial Estate, Durham	19	2,058	82%	93.7%	96.9%	96.9%	100%
Stella Gill Industrial Estate, Chester le Street	35	4,395	98.3%	94.7%	97.0%	100%	98.4%
Tanfield Lea South Industrial Estate	4	1,018	100%	100%	100%	100%	100%
All Saints Industrial Estate, Shildon	3	1,347	80%	100%	60.0%	60.0%	100%
Chilton Industrial Estate	17	5,615	95.4%	87.3%	90.0%	100%	100%
Coulson Street Industrial Estate, Spennymoor	5	565	75.7%	100%	100%	83.6%	100%
Dabble Duck Industrial Estate, Shildon	9	2,177	100%	72.8%	91.6%	100%	91.6%
Dean & Chapter Industrial Estate, Ferryhill	11	1,533	90.9%	84.8%	100%	100%	100%
Fishburn Industrial Estate	6	2,262	100%	77.4%	77.4%	89.8%	100%
Furnace Industrial Estate, Shildon	20	2,671	100%	84.6%	94.2%	100%	87.3%
Tudhoe Industrial Estate	12	944	93.1%	91.7%	100%	100%	91.7%
Randolph Industrial Estate, Evenwood	6	929	60%	100%	100%	100%	100%
South Church Industrial Estate	5	697	100%	100%	100%	100%	100%
Stainton Grove Industrial Estate, Barnard Castle	15	2,118	100%	91.2%	71.7%	95.1%	95.1%
Harvey Court, Low Willington	5	848	100%	100%	100%	100%	91.8%
Brockwell Court, Low Willington	1	290	100%	100%	100%	100%	100%
<b>Industrial Total</b>	<b>180</b>	<b>43,925</b>	<b>92.8%</b>	<b>89.5%</b>	<b>90.7%</b>	<b>79.4%</b>	<b>95.7%</b>

<sup>1</sup> The units at Jade Business Park were completed in August 2020, adding almost 50% extra floorspace to Business Durham's portfolio.

Property Name	No of Units	Gross Floor Space (m2)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21
Derwentside Business Centre (inc. ViewPoint)	97	6,838	76.9%	76.3%	82.9%	86.7%	98.2%
Tanfield Lea Business Centre	41	2,591	62.6%	71.7%	72.2%	75.1%	85.9%
Crook Business Centre	14	560	77.4%	61.4%	68.9%	77.2%	79.4%
Durham Dales Centre	22	589	52.8%	79.3%	70.2%	68.2%	78.4%
Shildon Business Centre	13	132	91.9%	65.1%	69.3%	87.2%	100%
St Stephens Court, Low Willington	14	1,252	46.6%	52.8%	71.5%	95.0%	93.0%
Salvus House, Durham	27	2,621	56%	80.5%	89.6%	95.0%	68.9%
<b>Office Total</b>	<b>228</b>	<b>14,583</b>	<b>68.6%</b>	<b>74.3%</b>	<b>77.4%</b>	<b>87.1%</b>	<b>94.3%</b>

Property Name	No of Units	Gross Floor Space (m2)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21
NETPark Plexus	85	2,080	87.3%	97.4%	97.9%	88.7%	100%
Kromek	1	1,759	100%	100%	100%	100%	100%
NETPark Discovery 1	8	1,440	49.9%	50%	50%	92.2%	100%
NETPark Discovery 2	8	1,442	100%	100%	100%	100%	100%
NETPark University Research (ORBIT)	1	2,033	100%	100%	100%	100%	100%
Explorer 1 <sup>2</sup>	6	1,124		41.3%	56%	67.5%	100%
Explorer 2	8	1,124		39.7%	54.3%	64.7%	100%
<b>Science Park Total</b>	<b>117</b>	<b>11,002</b>	<b>88.8%</b>	<b>80.7%</b>	<b>84%</b>	<b>90.3%</b>	<b>100%</b>

<b>Grand Total</b>	<b>525</b>	<b>69,510</b>	<b>85.7%</b>	<b>82.6%</b>	<b>85.7%</b>	<b>82.79%</b>	<b>95.23%</b>
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<sup>2</sup> The Explorer 1 and 2 Grow-on Units at NETPark were completed in Spring 2018.

## Appendix 4: Inward Investment Successes

Year	Inward Investments	Total Jobs	Companies
2017/18	11	153	Synoptica, The Wheel Co, Gibbons International, Isocom, Vivarail Ltd, Midland Steel Reinforcement Supplies, Honcho Markets Limited, Lightweight Containers BV, G20 Water Technologies, Netrologix, TCR Materials Ltd
2018/19	7	2,411	Wates, Central Dorset Manufacturing, Duchy Homes, VBItes, Biffa, Amazon, High Force Research Limited
2019/20	8	177	Orchidsoft Limited, Maveco stone Machinery Ltd, Sumitomo Electric Wiring Systems Ltd, Kunasan LLC, Tekgem, Dodd-Heres Ltd, National Federation of Retail Newsagents, The Footy Club Ltd
2020/21	8	143	BM Stafford & Sons Ltd, Turner Fabrications Ltd, Rob McAlister Ltd, TDH Group Ltd, CoreHaus Ltd, Monarch International Solutions Ltd, Quorum Fleet Solutions, Power Roll Ltd
2021/22	11 <sup>3</sup>	375	Peratech Holdco Ltd, Map Group UK Ltd, Vaildair Diamond Scientific, EV Smart, Evolution E-Types Ltd, Conduit Construction Network Ltd, Project Control Tools Ltd, RG Distributors Ltd, Needlebay Systems Limited, Maze Rattan Limited, Benson Beds
<b>Total</b>	<b>45</b>	<b>3,259</b>	

## Appendix 5: Durham Business Recovery Grant

Figure 1: Approved Applications by Location

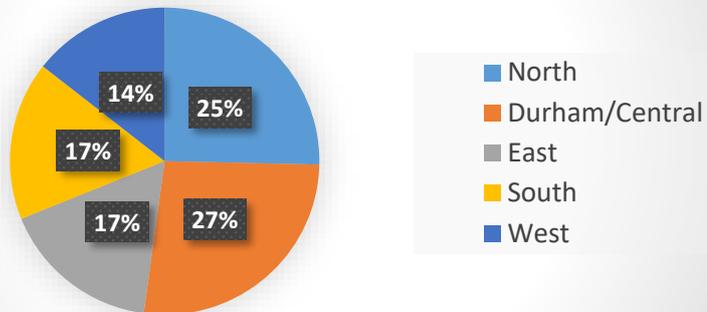


Figure 2: Number of Approved Applications by Sector

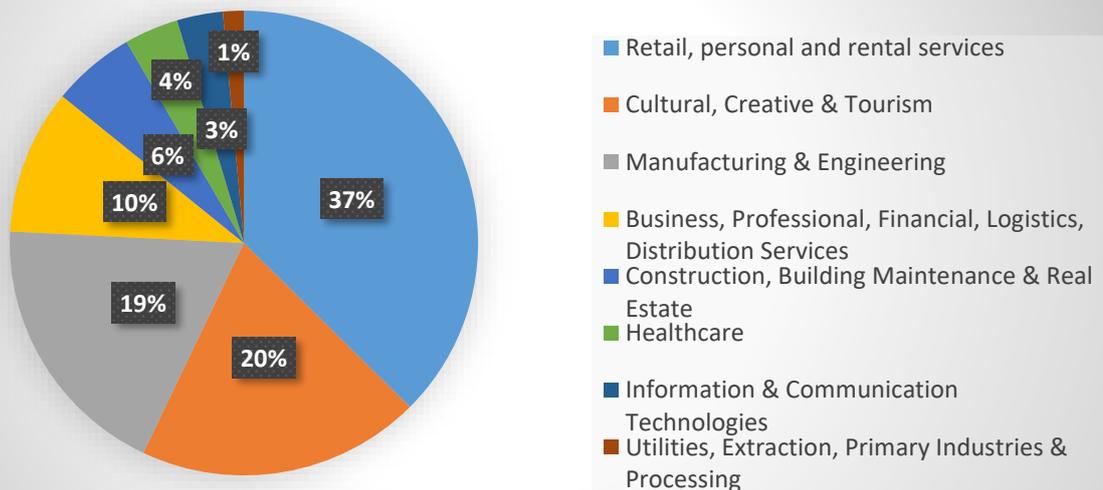
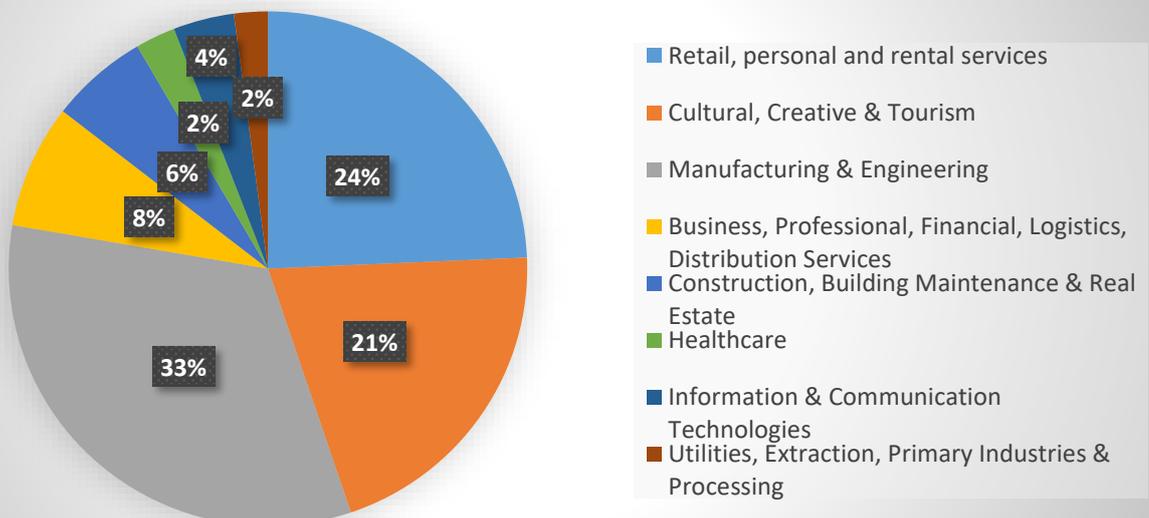


Figure 3: Value of Approved Applications by Sector



# Business Durham



## Economy & Enterprise Overview & Scrutiny Committee

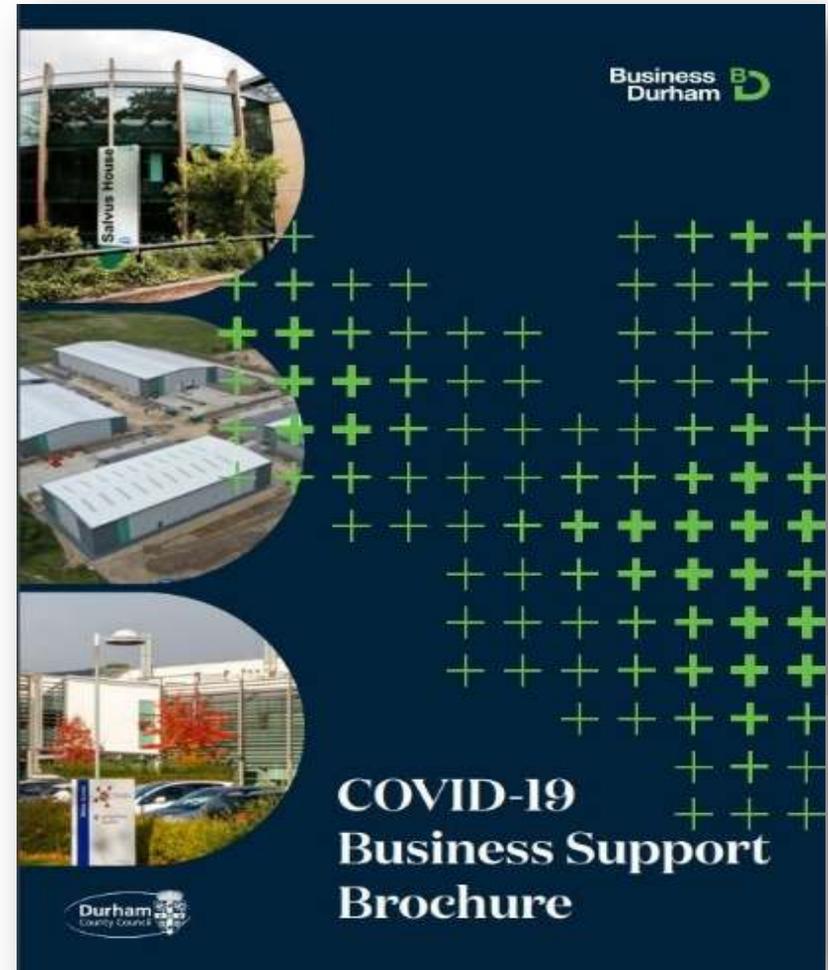
**Sarah Slaven**

**Managing Director**

**4<sup>th</sup> March 2022**

# What is Business Durham?

- ❖ Part of the County Council Regeneration Economy and Growth Directorate
- ❖ Reflects strategic priority of the council to consciously support our business community and inward investment
- ❖ Works as part of an integrated team in the directorate alongside key functions such as culture & tourism, transport land and assets and broader economic development.
- ❖ A key role is to provide a gateway for business into the local authority, to support programmes and investment
- ❖ Provides a dedicated service as part of our approach to supporting sustainable private sector led growth for the county



# Business Property

- ❖ Portfolio of 494 units across the County
- ❖ Includes range of offices, industrial units, Durham Dales Centre, & NETPark
- ❖ Supports over 450 businesses
- ❖ 95.23% occupancy
- ❖ Developments include:
  - ❖ Jade Business Park
  - ❖ NETPark Phase 3
  - ❖ Station Place
  - ❖ South Church Enterprise Park



# Business Engagement & Support Programmes

- ❖ 1,000 businesses per annum engaged
- ❖ 350 businesses intensively assisted
- ❖ ERDF Programmes supporting business growth:
  - ❖ Durham Business Opportunities Programme
  - ❖ Digital Drive County Durham
  - ❖ County Durham Growth Fund



# Inward Investment & Finance Durham

## Inward Investment

- ❖ 11 successes in 2021/22
- ❖ Generating 375 jobs & £5.8 million investment
- ❖ Over 3,000 jobs in last 5 years



## Finance Durham

- ❖ £9.4 million invested in 19 companies
- ❖ £30 million private sector leverage
- ❖ Supporting over 500 jobs & helping create a further 280 jobs



# Enterprise & Business Start-up



Durham Start-ups



Business support | DASS Programme | Events | Inspiration | Login | Create your account



From ideas to ambitious start-ups

<https://www.durhamstartups.co.uk/>



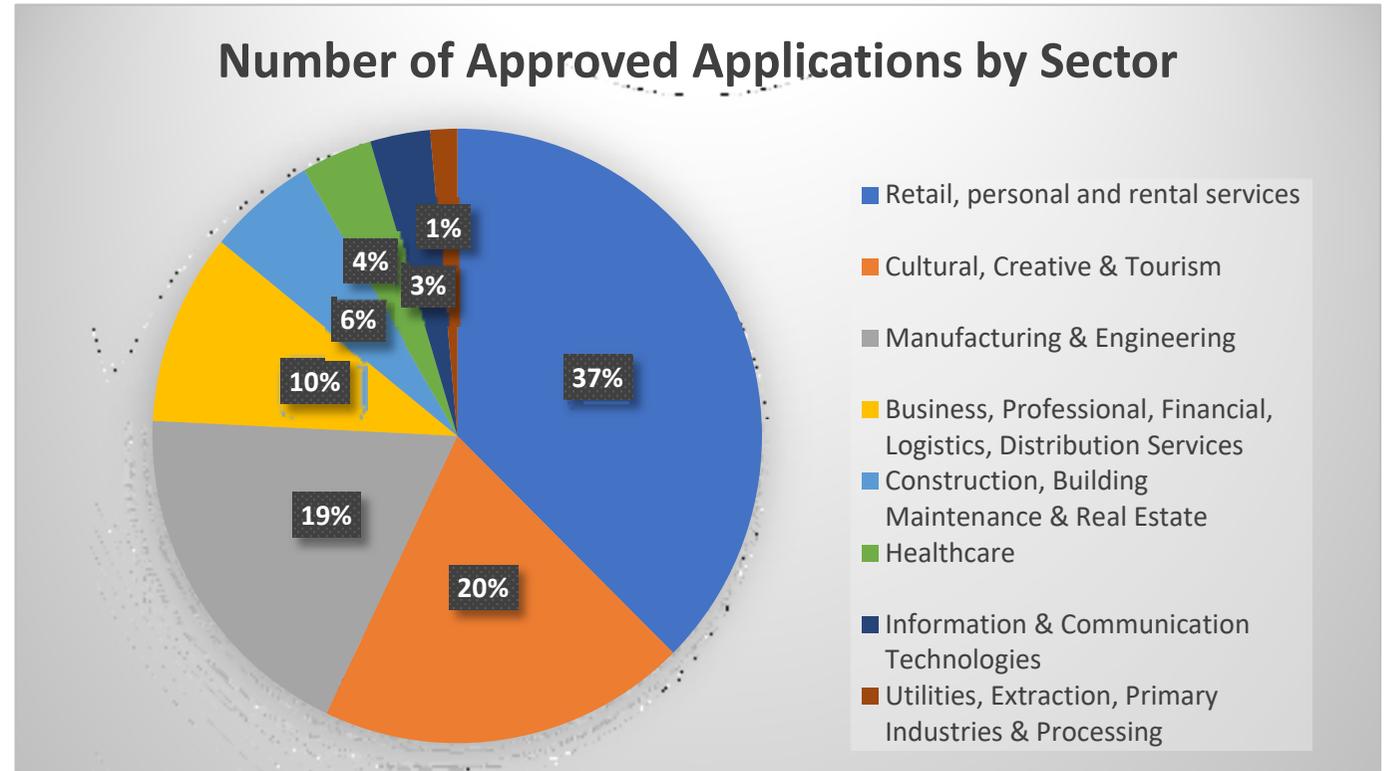
# Innovation

- ❖ Space is a fast growing, global emerging sector
- ❖ The North East is performing well
- ❖ NE Satellite Applications Centre of Excellence since 2014
- ❖ £20m North East Space Hub (NESH) and Disruptive Innovation for Space Capabilities (DISC) proposed to be located at NETPark Phase 3
- ❖ North East Space Conference in Durham on 2<sup>nd</sup> March



# Case Study of Supporting Business: Durham Business Recovery Grant

- ❖ County Council awarded £5.2m grant to support business administered by BD.
- ❖ Grants of £1,000 up to £40,000
- ❖ 347 applications approved
- ❖ Over 3,900 jobs safeguarded
- ❖ Multiplier effect
- ❖ Innovative use of funding



# Questions?



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**Economy and Enterprise  
Overview and Scrutiny Committee**

**4 March 2022**

**Inclusive Economic Strategy**



**Report of Amy Harhoff, Director of Regeneration, Economy and Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 This report gives an overview of the process that is being followed to develop a new Inclusive Economic Strategy for the council. It is a priority of the County Council to engage in the development of the strategy from the very start of the process and this report is the first report of a number expected to the Economy and Enterprise committee during the development of the plan.

**Executive summary**

- 2 In December 2021, the council's Cabinet agreed to the process for developing a new Inclusive Economic Strategy using a three-stage process:
  - (a) **Economic Review:** Core evidence base (Appendix 3);
  - (b) **Economic Statement:** A short document to inform the conversations on the new strategy (Appendix 4); and
  - (c) **Conversation and Strategy Development:** A broad conversation with stakeholders and partners which will be used to develop a draft strategy.
- 3 The new strategy will be in place by the end of the calendar year.
- 4 It is important to understand the views and aspirations of a wide range of stakeholders, including residents and businesses, before the strategy is developed and to facilitate this a major consultation exercise was launched at the end of January. This is called 'Our Big Econ-versation' and is structured to enable people and organisations to participate either digitally through the completion of an online survey or by joining

in on one of the many conversation events that will be held focusing in on specific sectors, geographies, or stakeholder group.

- 5 The Econ-versation will end on 22 April. We will then collate and analyse all of the comments made pulling out the key issues, barriers and opportunities as well as any suggested actions and priorities. We will then prepare a feedback report which will clearly identify what was said and how it has been taken into account. This will also inform the drafting of the Inclusive Economic Strategy which we will then consult on again in the summer where we will be asking whether what has been prepared reflects what was said. We will then amend the draft strategy as necessary before it is finalised and adopted by the end of 2022.
- 6 The Inclusive Economic Strategy will be a key document to support the County's economic growth in the future.

### **Recommendation**

- 7 Scrutiny members are invited to consider the process and provide any comments on key areas to be considered as part of 'Our Big Conversation'.

### **Background**

- 8 In December 2021 the council's Cabinet agreed an approach to develop a new Inclusive Economic Strategy based on a three-stage process:
  - (a) **Economic Review:** Core evidence base (Appendix 3);
  - (b) **Economic Statement:** A short document to inform the conversations on the new strategy (Appendix 4); and
  - (c) **Conversation and Strategy Development:** A broad conversation with stakeholders and partners which will be used to develop a draft strategy.
- 9 Cabinet agreed that the strategy would be based on the evidence in an Economic Review and adopted a short Economic Statement until the strategy is completed.
- 10 Some of the findings of the Economic Review include:
  - The Gross Value Added (GVA) of our economy has grown by £2.6 billion over the last fifteen years to £9 billion, which is a 44% rate of growth but significantly below the national rate of 64%;
  - At £16,925 our GVA per capita is 56% of the national average of £30,239. If we had matched national levels of growth in the last fifteen years, it would be around 10% higher at around £18,400;

- The employment rate is lower than the national average with 73.8% of the working age population in employment, compared to 74.7% nationally, accounting for £105 million of the gap in GVA levels;
- 89% of County Durham's primary schools are either outstanding or good, comparable to 88% nationally;
- County Durham has a far lower proportion of residents with higher level skills (40%) than the national average (50%);
- ONS population estimates suggest there will be an additional 36,850 people aged 65 and over (+33.3%) resident in County Durham by 2039, while there will be 9,400 fewer people across the key working age groups;
- Over 22,000 residents in County Durham are economically inactive due to long-term health conditions, accounting for 29.5% of those classed as economically inactive, exceeding the regional (28.8%) and national (23.0%) proportions;
- Manufacturing and health are County Durham's most prominent employment sectors, accounting for 13.7% of employment (50,000 people) each;
- County Durham already has an established reputation for innovation and a specialism in R and D. Research suggests that if the level of innovation was to match Cambridge this could create 16,000 additional jobs;
- Sectors which are under-represented include: professional, scientific and technical professions that account of 4.4% of jobs in County Durham compared to 9.8% nationally;
- On average, 10% of businesses have ceased per annum over the last five years, which is considerably lower than the regional attrition rate;
- 11.7% of the workforce work in caring and leisure roles compared to 8.8% nationally. Similarly, only 8.7% of the workforce are in managerial and senior roles compared to 11.8% nationally; and
- The median house price in 2019 in County Durham was £120,000, the lowest across all North East local authorities, marginally below the North East average (£140,000) and significantly below the national figure (£240,000).

- 11 The Economic Statement identifies the relevant elements of the Council Plan, summarises the recommendations and key economic evidence from the Economic Review, and sets out a framework to use to develop the new strategy. The 5P framework is based around five key elements which we will use to structure discussions with stakeholders:
- (a) **People:** Supporting people into education, training, jobs, and to excel in business and their careers
  - (b) **Prosperity:** Supporting business innovation, growth, and higher levels of productivity
  - (c) **Places:** Improving places and infrastructure so people and businesses can access opportunities
  - (d) **Promotion:** Promotion of the County and our assets to visitors, investors, and developers
  - (e) **Partnerships:** Working in partnership to develop an inclusive, greener economy
- 12 Cabinet agreed that the development of the strategy should be preceded by a conversation with stakeholders across the county to understand their views on economic opportunities and challenges. It was agreed that a comprehensive report would be produced to analyse the feedback from the conversations and support the development of a draft strategy that we then further consult on before adoption in autumn 2022.

## **Our Big Econ-versation**

- 13 In January, a stakeholder engagement process was launched as 'Our Big Econ-versation'. The conversation is supported by its own website which has been designed to catch people's attention, surveys for businesses, residents and young people, and a comprehensive media campaign including social media, press releases, bus advertising, case studies of residents and businesses, County Durham News, posters, and advertising.
- 14 Officers are also organising several bespoke events with businesses including a Business Breakfast on 29 March 2022, presentations and workshops for the county's Business Networks, the North East England Chamber of Commerce, Registered Providers, Enterprise Agencies and the County Durham Start Up Network. We are also holding workshops with the North East Local Enterprise Partnership to discuss evidence and delivery and with Durham University and the NHS Foundation Trusts to discuss the role of anchor organisations. To reflect the

importance of the visitor economy we will also be working with Visit County Durham on a specific workshop.

- 15 We are also working with our communities and our members through presentations and discussion at Area Action Partnerships, promoting the conversation at meetings hosted by other bodies such as the County Durham thematic partnerships, external organisations and town and parish councils. We are also working specifically with the County Durham Together Partnership to encourage engagement in the conversation including through distributing a facilitation pack which enables the huge number of groups in their network to hold their own workshops and feedback their comment. We are also working with our Community Champions and are arranging a series of workshops to explore different topics. We intend to use this approach throughout the Econ-versation, using some of the principles of co-production, including through asking for volunteers to get involved as part of our over 18 survey.
- 16 Officers are asking our partners and stakeholders to promote the conversation amongst their networks. Appendix 2 includes a sample of stakeholders that we are engaging with, although officers are identifying and making arrangements to speak to additional stakeholders on a daily basis.
- 17 In the early phases of the conversation period, all events have been online, but as Covid-19 restrictions are lifted a number of face-to face workshops are planned to take place. Officers are also working with colleagues across the council (e.g. public health, the gypsy and traveller service), external partners (e.g. voluntary and community groups), and programmes (e.g. DurhamWorks) to ensure the conversations include individuals and groups that may not have ICT equipment or may need additional support in order to respond. Responses and feedback - via discussions, surveys, social media, and website visits - are being constantly monitored and the conversation methods are being adjusted as lessons are learnt.
- 18 The conversations will take place until 22 April 2022. The number of survey responses is averaging around 100 per week which is positive, and these are being supplemented with feedback from the meetings and events we are organising. However, in order to improve response rates, and address some feedback, officers have made changes to the surveys, which alongside events and promotion have increased response rates. We are determined to use an interactive approach and engage with as many people and groups as possible providing feedback throughout the process. We will also be using elements of co-production where the council and the community work together,

recognising that both have vital contributions to make, in order to improve the quality of life for our people and communities.

19 Early feedback from surveys and meetings have identified the following economic issues:

**People**

- Poor access to jobs is a common issue, especially for younger people who have been negatively affected (e.g. self-confidence) during the Covid pandemic
- The links between health and social care and various aspects of the economy have been continuously raised
- Self-employment has been overlooked in the past as a means of employment and growth

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**Prosperity**

- A lack of good career paths and well-paid jobs and the need for businesses and schools to work together to address skills gaps and future needs
- A need for improved business support services, premises, and finance for small businesses
- The need for a long-term focus to address complex economic problems and catch-up with national levels of growth
- The need for more innovation to grow better job and career opportunities

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**Places**

- Declining town centres and unequal levels of investment across the county
- A large number of vacant buildings in some places and the opportunity to bring them back into use
- Poor public transport services and poor access to the main road networks (e.g. A1M) for businesses in some localities
- Broader issues such as the lack of local leisure services, the need for more affordable homes, and the high levels of antisocial behaviour have also been widely identified

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**Promotion**

- A need to promote attractions across the county and a perception that only certain places are promoted
- A need for more visitor attractions across the county and promote the distinctiveness of the county
- A need to attract more, better-paid jobs to the county

## Partnerships

- A need for DCC to work with other agencies to tackle localised issues such as crime, anti-social behaviour, access to healthcare and education, and poverty and deprivation.
- Strong support for initiatives that address and reduce the impacts of climate change

20 The surveys are designed in a way that allows officers to drill-down into localised and individualised feedback, which will be assessed during the conversation period and in the report that is produced to evaluate the outcomes of the conversations.

## Inclusive Economic Strategy

21 The draft strategy will be produced for consultation in the summer. Alongside this, we will present a report to Cabinet which demonstrates how the conversations have shaped the strategy. Subject to the second consultation and Cabinet approval we will finalise the strategy and take it back to Cabinet for final approval before publication.

22 The strategy will align with other corporate strategies such as the County Durham Vision, County Durham Plan, and Climate Emergency Response Plan. The Government has also invited the council to develop a county devolution deal and investment plan<sup>1</sup> and the UK Shared Prosperity Fund (the replacement for EU funding). The Inclusive Economic Strategy will be integral to the process of agreeing opportunities and priorities for support with the Government, as well as regional bodies and private investors. Officers will refer to the recent Levelling Up White Paper<sup>2</sup> which gives a strong indication of the Government's medium-term priorities and where we might be able to expect or negotiate support and investment via a county deal.

## Conclusion

23 The new Inclusive Economic Strategy will be vital for the council to define and demonstrate its approach to tackling economic issues and harnessing economic opportunities to local and regional stakeholders, the Government, and investors. Our Big Econ-versation will be a chance to engage with a wide range of stakeholders on challenges and opportunities and evaluate the economic evidence base. The conversation will continue until 22 April and will underpin the development of the new strategy by the end of 2022.

## Background papers

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<sup>1</sup> [Pre-launch guidance](#) was published in February, with further guidance due in spring 2022.

<sup>2</sup> [www.gov.uk/government/news/government-unveils-levelling-up-plan-that-will-transform-uk](https://www.gov.uk/government/news/government-unveils-levelling-up-plan-that-will-transform-uk)

- Our Big Econ-versation [website](#)
- Inclusive Economic Strategy [Cabinet report](#)

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## **Appendix 1: Implications**

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### **Legal Implications**

The Inclusive Economic Strategy work will be used to negotiate the devolution of powers from the Government.

### **Finance**

The Inclusive Economic Strategy work will be used to negotiate the devolution of finance from the Government.

### **Consultation**

Our Big Econ-versation runs from 31 January to 22 April 2022.

### **Equality and Diversity / Public Sector Equality Duty**

Officers will take all opportunities to get feedback from hard to reach groups across the county and the strategy will be accompanied by an equalities impact assessment.

### **Climate Change**

The strategy will balance economic growth with opportunities to minimise the impacts of climate change.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

None.

### **Procurement**

Consultants have been procured to support Our Big Econ-versation, develop a county deal proposal, and draft the new Inclusive Economic Strategy.

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## Appendix 2: Stakeholder conversations

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- County Durham Partnership Board
- County Durham Thematic Partnerships
- Area Action Partnerships
- Employability Partnerships
- Business Workshop Event
- Business Durham Networks
- Visit County Durham
- Durham Business Improvement District
- Durham Business Club
- Aycliffe Business Park
- East Durham Business Network
- Drum Business Park Group
- Bishop Auckland and Shildon Business Community
- Local Enterprise Agencies
- North East Federation of Small Businesses
- North East Chamber of Commerce
- North East Confederation of British Industry
- Voluntary and Community Sector
- Engineering and Manufacturing Network
- Home Builders Federation
- Trade Unions
- Community Champions
- Durham Youth Council
- Disabled people
- People with long-term illnesses
- Registered Housing Providers
- Gypsy & Travellers
- Faith Groups
- Job Fairs
- Parish, town, and local councils
- Elected Members
- Tees Valley Combined Authority
- North East Local Enterprise Partnership
- LA7 Economic Directors
- North East Combined Authority Board
- North of Tyne Combined Authority
- North East Local Authorities
- Government departments and civil servants
- County Durham and Darlington NHS Foundation Trust
- Tees, Esk and Wear Valleys NHS Foundation Trust
- Durham University
- Further Education Colleges
- Local Ministers of Parliament

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### **Appendix 3: Economic Review**

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See attached document.

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### **Appendix 4: Economic Statement**

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See attached document.

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**County Durham**  
**Economic Review**  
Final Report

**March 2021**



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# 1 Introduction

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## Overview

- 1.1 Ekosgen were commissioned by Durham County Council to produce an Economic Review of County Durham.
- 1.2 The aim of the report is to provide a strategic overview of the economy and evidence base which will inform priorities for growth. To maximise the effectiveness of interventions to support the economy, it is vital that policy and investment decisions are based on a robust understanding of the economy's current strengths and weaknesses, and a shared appreciation of the best opportunities to support future economic growth.
- 1.3 The report seeks to provide a comprehensive overview of the current economic conditions, and to highlight the economic and social factors which will affect the future growth of the County Durham economy.

## Context

- 1.4 There are a number of factors to consider which will impact upon future economic development. This includes both short and medium term shocks to the economy including the COVID-19 pandemic and the UK's departure from the European Union (EU) as well as the rural nature of the county.
- 1.5 In addition there are important long term major technological and social trends which include:
  - Demographic change and an ageing population;
  - Digitisation, automation and Artificial Intelligence (AI); and
  - The move towards a low carbon economy.
- 1.6 Each of these will impact on the County Durham economy and need to be considered in regards to future priorities and interventions.

## COVID-19

- 1.7 The COVID-19 pandemic is having a profound effect on the economy. Sectors which have been worst hit include the tourism, hospitality and culture sectors, as a result of national lockdowns, social distancing measures and travel restrictions. While various protection measures and home working have reduced the immediate impact for many sectors, as government support such as Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) come to an end increasing unemployment is likely to be experienced.
- 1.8 The impacts COVID-19 is having upon the economy is explored in further detail in [chapter 9](#).

## Brexit

- 1.9 The UK left the EU on the 31st December 2020. While to date the main impacts experienced have included customs and border disruption, significant longer term effects are likely to emerge, including on imports and exports as the UK diverges from the EU on product standards or other regulations and on skills and recruitment for health and service sectors which rely on EU labour.
- 1.10 [Chapter 9](#) reviews the expected impacts of the departure from the EU in more detail.

## Digitalisation, Automation and AI

- 1.11 Digitalisation, Automation and Artificial Intelligence (AI) is likely to cause an increasing number of operative and lower-skilled jobs to become redundant particularly in transportation, hotels and restaurants, manufacturing, trade and construction. Analysis of the jobs of 20 million people in England found that 7.4% are at high risk of automation, although new jobs to support and operate the technology will reduce some job losses. Digital technology is anticipated to alter conventional employment structures reducing the demand for large office space, while technological advancements such as 3D printing will be disruptive to manufacturing and distribution allowing more to be produced in decentralised smaller facilities (ONS 2019) Which occupations are at highest risk of being automated? [ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25](https://ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25).

## Rural

- 1.12 Given that County Durham is primarily a rural county, future growth prospects must also seek to achieve growth in the rural areas. A lack of a fast and reliable broadband connection acts as a constraint to growth in rural areas. The roll out of superfast broadband provides an opportunity to open up new sectors in these areas while helping existing sectors including tourism, agriculture and forestry to improve.
- 1.13 As recognised in the Local Plan the countryside is a constantly changing workplace and there is a need to balance the protection of the countryside with the need to support the vitality and viability of the rural economy including through agriculture and tourism.

## Ageing Population

- 1.14 Across many developed countries, an important demographic shift is taking place, as a result of people living longer and having fewer children, resulting in the increase in the average age of populations. An ageing population has implications for the labour market, and will require a shift in public expenditure to meet the rising costs of health and social care. Without improvements to population health, the ageing population will also result in a larger number of people living with disability and suffering ill-health.
- 1.15 By 2040 almost 24% of the population will be aged 65 and over, and the old age dependency ratio, defined as the number of residents at the State Pension age and over for every 1,000 working age residents, is expected to reach 352.
- 1.16 The ageing population coupled with the declining working age population, will increase the need to support people to stay in the labour force for longer and will require employers to focus on retraining and adapting the workplace to ensure continued employment, removing barriers to remaining in work, and enabling workers to adapt to new technologies. Increased technological investment and greater automation is likely to occur reducing the dependence on labour as a result of the demographic shift.

## The Low Carbon Agenda

- 1.17 The global shift to ‘clean growth’ through low carbon technologies and the efficient use of resources is creating new industries and transforming existing ones. The shift to clean growth provides incentives to use technology to reduce input costs and to develop alternative ‘environmentally friendly’ products. The Government’s Clean Growth Strategy (2017) highlights opportunities in renewable energy generation, construction and manufacturing.
- 1.18 The shift to a low carbon economy is also boosting the circular economy, where high energy using industries ensure that more by-products of their activities are used productively, with a greater emphasis on recycling. However, whilst decarbonisation provides many opportunities, it also has a downside for some businesses, with those that are heavily energy-intensive likely to come under pressure to reduce dependence on oil and gas.

## Policy Context

### The UK Industrial Strategy

- 1.19 The UK Industrial Strategy ‘Building a Britain Fit for the future’ identifies ‘Five Foundations’ which the Government argues are the “essential attributes of every successful economy”. These are:
  1. Ideas – Research and Development (R and D) and innovation
  2. People – skills, retraining and the labour market
  3. Infrastructure – transport, digital and housing
  4. Business Environment – increasing small and medium sized enterprises (SME) productivity and encouraging start-ups
  5. Places – tackling regional disparities in productivity and economic performance
- 1.20 The strategy also introduces a number of ‘Grand Challenges’ which overarch the Foundations and represent areas in which the UK has the opportunity to play a leading global role. Reflecting the long-term economic drivers identified above, these include:
  1. AI and Data Economy
  2. Clean Growth
  3. Ageing Society
  4. Future of Mobility

- 1.21 Funding for economic development is increasingly being focused on Industrial Strategy priorities, with each Local Enterprise Partnership (LEP) area being tasked to develop a LIS which responds to the national priorities and reflects local economic strengths.
- 1.22 The Government has recognised that if living standards are to rise, the challenge is to increase productivity whilst keeping employment levels high across the UK. In addition to the national framework provided by the Industrial Strategy, a number of regional responses have been developed to attempt to tackle economic disparities in the UK economy.
- 1.23 The North East Local Enterprise Partnership (NELEP) was due to have their LIS published in 2020, however the publication has been delayed likely due to the COVID-19 pandemic.

### North East LEP Strategic Economic Plan

- 1.24 The Strategic Economic Plan (SEP) was originally published in 2014 and sets out the ambition to increase the number of jobs in the North East economy by 100,000 by 2024. The plan is split into three distinctive parts:
  1. Four areas of strategic importance – digital, advanced manufacturing, health and life sciences, and energy are areas where the North East can build a stronger economy that continues to contribute to regional, national and global economic growth.
  2. Four service sectors – education, financial, professional and business services, transport and logistics and construction – these sectors support the wider economy and offer significant opportunity for more and better jobs in the North East.
  3. Five programmes of delivery – business growth, innovation, skills, employment, inclusion and progression, transport connectivity and investment and infrastructure.
- 1.25 The SEP recognises the importance of the digital, advanced manufacturing, health and energy sectors within County Durham’s economy and provides future spaces for investment and expansion. The SEP is due to run until 2024, whereby the Local Industrial Strategy (LIS) that is aligned to the principles of the SEP will continue until 2030.

### The Northern Powerhouse

- 1.26 The idea of building a ‘Northern Powerhouse’ was first proposed by the coalition government in 2014. The aim is to boost economic growth in the North of England particularly in the major cities of Manchester, Liverpool, Leeds, Sheffield, Hull and Newcastle. The Government is investing in skills, innovation, transport and culture, as well as devolving significant powers and budgets to directly elected mayors to ensure decisions affecting the North are made in the North.

### County Durham Local Plan

- 1.27 The County Durham Plan was adopted in 2020 and sets out a range of development proposals and planning policies for the county until 2035. The plan presents a vision for potential housing, jobs, transport, schools, healthcare and the environment until 2035.
- 1.28 The plan aims to:
  - Continue economic growth and investment in the county
  - Secure more and better jobs in the county
  - Address the causes of climate change and adapt to its effects
  - Secure the infrastructure to support new development and the relieve congestion and improve air quality
  - Protect the historic and natural environment.
- 1.29 To support the continued economic growth of the county and the aim of more and better jobs for residents, the plan includes over 302 hectares of new land to be developed for business and industry. This is in addition to protecting over 1,500 hectares of existing business and industrial land to prevent any other land uses. The plan also includes policies to support town centres and allow the council to take a more flexible approach to support businesses in rural areas encouraging the local economy whilst protecting the environment.

### Shared Prosperity and Place

- 1.30 The Government is committed to introducing a Shared Prosperity Fund as a replacement for losing European Regional Development Fund (ERDF) and European Social Fund (ESF) resources as a consequence of leaving

the EU. County Durham regularly used both of these funds to invest in a range of prospects. It will be important that the council has sufficient pipeline proposals to take advantage of the new fund.

- 1.31 The recent Green Book review included consideration of place in the appraisal of projects. These new considerations are likely to apply to the levelling up agenda and these now need to be factored into the developments of new propositions.

## Levelling Up Agenda

- 1.32 Guidance is now being developed for the new Levelling Up Fund (LUF) and the county will need to have sufficient resources and a credible pipeline to take early advantage of new arrangements, which are likely to focus on early delivery.

## Report structure

- 1.33 The report is structured as follows:

- [Chapter 2](#) gives a high level overview of the County Durham economy focusing on its productivity performance;
- [Chapter 3](#) looks at the key characteristics of the local population and economic activity;
- [Chapter 4](#) considers employment and sectoral strengths;
- [Chapter 5](#) reviews the area's business and innovation base and environment
- [Chapter 6](#) covers education, skills and training including the occupation profile and future skills needs;
- [Chapter 7](#) reviews housing and communities including housing affordability, workforce catchments, deprivation and tourism;
- [Chapter 8](#) outlines the current infrastructure position;
- [Chapter 9](#) assesses the emerging impacts of COVID-19 and Brexit on the economy;
- [Chapter 10](#) provides forecast economic and productivity forecasts;
- [Chapter 11](#) provides the key strategic investment and policy priorities for County Durham.

# 2 Overview of the Economy

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## Introduction

- 2.1 County Durham is the largest local authority in the North East and the 8th largest in the country. It is bounded by: Northumberland, Gateshead and Sunderland to the north; Hartlepool, Darlington, Stockton-on-Tees and Richmondshire to the south; and Eden to the west. It is located within the NELEP area.
- 2.2 With a population of 530,100 and an employment base of 183,000, County Durham is a key contributor to the North East economy, accounting for 20% of the region's population and 17% of total employment. Its population is primarily concentrated within the areas of Durham City, Chester-le-Street, Newton Aycliffe, Bishop Auckland, Consett and Peterlee, while two in five residents live in rural areas with a range of smaller towns and villages within the rural hinterland.
- 2.3 County Durham has successfully rebuilt its economy after the reduction in its historical strengths of coal mining and steel making. The industrial economy remains a strength of the county and provides a significant source of employment alongside the public sector.
- 2.4 While the scale of unemployment has fallen and is significantly below peak numbers seen in earlier decades and the employment rate has been increasing, many communities continue to be affected by low household incomes and health inequalities.
- 2.5 County Durham is home to 14,105 businesses, including major employers GSK, Hitachi Rail, Amazon, Caterpillar UK Limited, Gestamp Tallent Limited and ZF, although business density is below the regional and national level. The key employment locations are within Durham City, the A1 Corridor and the A19 Corridor.

## Economic Performance

- 2.6 In 2018, County Durham contributed Gross Value Added (GVA) of £8.8 billion to the UK economy, accounting for 16% of the North East total (compared to 17% of the employment base and 20% of the regional population). Between 2008 and 2011 GVA growth flat lined, marking the aftermath of the financial crisis, however since then GVA has grown strongly.
- 2.7 County Durham's annual GVA contribution has grown by £2.6 billion, 43%, over fifteen years, marginally above the North East rate of growth (42%) but significantly below the national level (64%). The national growth rate has been supported by a number of sectors where the North East as a whole is less well represented: for example professional, scientific and technical, finance and insurance, and information and communication activities.
- 2.8 The number of jobs has also increased over the past 10 years, with County Durham now recording an additional 10,500 jobs.

## Productivity Performance

- 2.9 GVA and employment growth are good indicators of economic performance, while productivity – the amount of output produced from a given level of inputs – is an important determinant of prosperity. Productivity is the key determinant of both wages and profit, with the latter essential to allowing companies to maintain employment and finance re-investment. Productivity is of national interest given that productivity in the UK has fallen behind international comparators over the past decade.
- 2.10 Looking at the main measures of productivity used at local level in the UK, County Durham performs poorly on all measures:
  - GVA per hour worked is 84% of the England average
  - GVA per job is 81% of the England average
  - GVA per FTE is 82% of the England average
- 2.11 Prior to the recession and up until 2010, the gap in levels of GVA per hour between County Durham and England was narrowing. However, since then the gap has widened.
- 2.12 GVA per head (per capita), which measures the overall prosperity in society (and takes into account children and older people not in the workforce) is used as a measure of regional disparity. It is affected by a number of

factors: the proportion of the local population in work, how many hours they work and what sectors they work in, levels of productivity (per hour or per job) within those sectors, as well as the numbers and proportions of dependent children and older people. County Durham's GVA per capita figure is 57% of the England average, at £16,763 compared to £29,356 nationally, indicating a much bigger gap in prosperity levels than there is in levels of productivity (with GVA per job and GVA per hour worked 81% and 84% of the England average respectively).

- 2.13 The major influence on the GVA per capita figure is high levels of older people and working age economic inactivity. The changing demographics, with regard to older people making up a much larger proportion of the resident population in future years, will increase the challenge of increasing the prosperity of County Durham communities.
- 2.14 GVA per capita has grown by 34% over the past 15 years, below the national growth rate (47%), increasing the performance gap. If GVA per capita had grown at the national rate, it would now be £18,328.
- 2.15 Geographical disparities in productivity are a result of a number of factors including:
- Workforce skills and health
  - Capital investment and technology
  - Productive assets and infrastructure
  - Local geography, access to markets and institutions
- 2.16 Productivity disparities can arise because of geography, local culture, governance and infrastructure, which impact upon the economic activities and sectoral make-up of a place, shaping its workforce, while agglomeration and clusters of economic activity can have productivity benefits, leading to disparities with co-location of businesses driving knowledge sharing integrated supply chains. In addition, the impact of high skilled workers choosing to live in places with populations reflecting themselves can result in 'brain drains' in some locations while in others serving to increase productivity and attract investment (Industrial Strategy Council, UK Regional Productivity Differences: An Evidence Review, 2020.)
- 2.17 The average productivity statistics are skewed by a small number of highly productive places, particularly Inner London. It is worth noting that the most productive NUTS2 region (West Inner London) has an income per hour which is 70% higher than the median area's GVA per hour.
- 2.18 Economic and political uncertainty, regarding Brexit (and more recently COVID-19) may have dissuaded firms wishing to invest in profitable projects from doing so, impeding growth in the amount of capital per worker.
- 2.19 As noted by the Bank of England, slower manufacturing productivity growth can in part explain the UK's productivity gap with other comparable countries. Another potential reason is *capital shallowing* – where in manufacturing in particular, capital investment has not kept pace with increases in labour input. Given County Durham's large manufacturing base, this may help to explain the disparity between the national average.
- 2.20 Some of the factors explaining the different levels of performance include:
- **Potential labour supply:** County Durham's population has a marginally lower proportion of working age residents than England as a whole. In 2018m 62.2% of the population was of working age (16-64), compared to 62.6% in England as a whole, accounting for £65 million of the gap in GVA levels. Recent data suggests the working age population is expected to decline at a faster rate than the national population.
  - **Real employment rate:** Amongst the working age population, the employment rate is lower than the national average with 73.8% of the working age population in employment, compared to 74.7% nationally, accounting for £105 million of the gap in GVA levels.
  - **Productivity - sectoral mix:** Despite County Durham having a much lower share of workers in typically high productivity sectors than nationally – such as information and communication, finance and insurance, and professional, scientific and technical services sectors – the manufacturing sector which accounts for 14% of County Durham's workforce compared to 8% nationally and has a high GVA per employee of around £89,000, means that its sectoral mix is more productive given its GVA per employee by sector than if it had the same sectoral mix as the national population. This therefore narrows the GVA gap.
  - **Productivity – sectoral performance:** Across all sectors, levels of output per job in County Durham are 81% of the England average. This accounts for the majority of the gap in GVA levels, £2.0 billion.
- 2.21 GVA per head is also impacted by the net outflow of residents commuting to other areas to work, where their GVA contribution is recorded in other local economies. While productivity is not the only indicator of

economic performance, high-productivity regions also tend to perform well along many other economic and social indicators (UK Regional Productivity Differences: An Evidence Review, 2020).

## Summary

- 2.22 While increasing productivity is a national and County Durham priority, one consequence is that encouraging companies to introduce technologies such as robotics, will in the short term reduce the need for labour. These types of new technology investment are, however, essential if companies are to remain competitive.
- 2.23 County Durham benefits from some very productive sub-sectors and companies in its industrial economy. These sectors will face the challenge of having to recruit skilled and experienced personnel to take account of an ageing workforce. Recruiting a skilled workforce will be essential to maintaining and improving productivity in these high value added sectors, and may be more challenging given the UK's exit from the EU.
- 2.24 It does, however, have a much lower representation in the high value service sub-sectors such as digital and ICT. The county will need to strengthen a number of high growth service sub-sectors to create more jobs and increase productivity and increase the private sector's contribution to the economy.
- 2.25 An underlying priority, in terms of addressing economic challenges, is for County Durham to increase its working age population through jobs growth in its priority sectors, supported by increased housing provision to accommodate an incoming skilled workforce.
- 2.26 County Durham also needs to provide the locations which will attract companies, making full use of new technology, operating in national markets in addition to supporting its current business base to adopt new technology and invest in innovation and introducing new products to strengthen their competitiveness and reach new markets. More broadly, the county needs to invest in the economic infrastructure, notably transport, with a proven link to increased productivity.

# 3 People and Demographics

## Introduction

3.1 This section of the report provides an overview of County Durham’s resident population. The availability of labour plays an important role in the function and performance of local economies. Understanding the scale and composition of County Durham’s population, as well as the economic contribution that residents make, provides the basis for understanding both the challenges and opportunities to be considered in planning future interventions.

## Population

- 3.2 As of 2019, the population of County Durham stood at 530,094, 19.9% of the North East region’s population. The population has grown steadily since 2000, experiencing an uplift of 34,956 residents (7.1%), ahead of the North East’s rate of growth (5.0%) but behind the national rate (14.3%). Had County Durham’s population grown in line with the national average, it would now be home to 566,076 people – an additional 35,982 residents.
- 3.3 Within the North East, County Durham has experienced the second highest local authority population growth rate since 2000, behind Newcastle upon Tyne where the rate was 10.8%; an uplift of 29,400 people.
- 3.4 Over the next 20 years (2019 to 2039), the population of County Durham is expected to grow by 5.4% (+28,484 people) to exceed 558,000 people. This is a much higher growth rate than forecast across the North East at 3.3% but remains below the national rate of 8.4% and will be a reduction on the last 20 years growth, reflecting the trend across all three geographies.

### Population Projections, Total Population (in thousands), 2018

	2019	2024	2029	2034	2039	2019 to 2039 Change	
						No.	%
County Durham	529.7	539.7	548.0	553.9	558.2	28,484	5.4
North East	2,667.1	2,698.7	2,723.7	2,741.9	2,755.8	88,682	3.3
England	56,343.1	57,816.9	58,969.5	59,989.0	60,961.8	4,681,733	8.4

Source: Sub-National Population Projections, 2018 based

## Age Profile

3.5 Between 2009 and 2019, the working age population as a proportion of the total population shrank by 0.5 percentage points, whilst the proportion of those aged 65+ increased by 4.2 percentage points. This reflects the ageing population being recorded nationally and has implications for levels of economic dependency, although many residents may choose to continue to work into later life, in part due to changes in pension entitlement but also reflecting extended healthy life expectancy.

This trend is expected to continue over the next 20 years, with the dependency ratio growing as the workforce declines relative to those of retirement age. By 2039, it is estimated that 26.4% of the population will be over 65 compared to 17.6% in 2009. The proportion of the population aged under 25 is also forecast to decline (from 29.4% of residents in 2009 to 27.2% in 2039), with implications for future workforce supply.

3.6 ONS population estimates suggest there will be an additional 36,850 people aged 65 and over (+33.3%) resident in County Durham by 2039, while there will be 9,400 fewer people across the key working age groups of 25-34, 35-49 and 50-64 (-3.5%), revealing the extent of the shift in demographic.

## An Ageing Population

3.7 By 2039 the old age dependency ratio, defined as the number of residents at the State Pension age and over for every 1,000 working age residents, is expected to reach 400 in County Durham above the North East (387) and national (349) ratios.

- 3.8 An ageing population is highlighted as one of the Grand Challenges in the UK's Industrial Strategy, noting that the demographic shift will *“create new demands for technologies, products and services, including new care technologies, new housing models and innovative savings products for retirement”*.
- 3.9 This illustrates the growing challenge of an ageing population, with implications for the labour market and health and care. Despite the raising of the state pension entitlement age and more people continuing to work beyond 65 than has been the case to date, there are still expected to be fewer workers over time supporting an increasing number of retired people, resulting in a higher dependency ratio.
- 3.10 There is a challenge to ensure older residents who wish to work longer are supported to do so and are equipped with the necessary skills and flexible employment opportunities to allow them to continue to work into later life.
- 3.11 As the population ages there is likely to be significant skill losses as a large number of the workforce moves into retirement, especially in manufacturing jobs.
- 3.12 Alongside economic considerations, the data highlights the need to ensure appropriate health and social care provision and a sufficient range of housing is available to cater for the changing demographic, e.g. for those downsizing and those with mobility restraints. It is important that local and national government strategy responds to this challenge. Current housing supply and trends are considered in [chapter 7](#).

## Employment Rate

- 3.13 Over the past ten years, County Durham's employment rate has broadly tracked the North East average and remained consistently below the national rate. Since the year ending September 2017, the employment rate in County Durham has remained above the regional rate peaking at 74.5% in 2017/18. Since 2009/2010, the number of people in employment within County Durham has increased by 13,200.
- 3.14 According to the Annual Population Survey (APS), the employment rate for the year ending September 2020, has dropped from its peak to 71.9%. This is similar to the regional rate. In comparison to the other local authorities in the North East, County Durham has a lower employment rate than North Tyneside, Darlington, Gateshead, Stockton-on-Tees and Northumberland.

## Unemployment Rate

- 3.15 Unemployment in County Durham has fallen over the past ten years. Having reached a peak of 11.1% of the working age population in the year ending September 2012, it fell to a low of 3.8% in 2017/18, although unemployment has begun to rise in the past two years.
- Unemployment has been consistently above the national figure in all but one year - 2017/18. When compared to the regional rate, County Durham has followed a broadly similar trajectory over the past ten years.
- 3.16 The 16-24 age bracket typically experiences the highest rate of unemployment, although this may reflect older groups moving into the economically inactive groups affected by health issues. Unemployment amongst those aged 16-24 has fluctuated dramatically over the past ten years, from a peak of almost 35% in 2011/12 to a low of 8.7% in 2017/18, while unemployment of those aged 25 and over remained more stable. This is consistent with the regional and national trends. However, the level of unemployment amongst young people in County Durham in the year ending September 2020, at 22.2%, is significantly above the national rate for this age group (12.9%), with the data showing that the unemployment rate amongst this group was growing even before the impacts of the COVID-19 pandemic were felt. COVID-19 has disproportionately affected employment amongst young people, who typically have a high representation in sectors such as hospitality and leisure.

## The Claimant Count

- 3.17 The Claimant Count captures people claiming Job Seekers Allowance (JSA) and those who are claiming the unemployment related elements of Universal Credit (UC), providing a more comprehensive view of unemployment levels.
- 3.18 As of December 2020, the claimant unemployment count in County Durham was, 20,790, approximately 6.1% of the working age population, an uplift of 8,045 from the same period in the previous year. Whilst the number of claimants has been increasing since 2015, the notable spike in 2020 is likely a result of the COVID-19 pandemic. Supporting people to return to work as the economy recovers will be a priority.
- 3.19 County Durham has consistently had a lower share of claimants in working age population than across the

region, but a higher share than nationally apart from most recent data from December 2020, which highlights the impact of COVID-19 where the national proportion (6.4%) is above the County Durham level (6.1%).

## Inactivity

- 3.20 Economic inactivity in County Durham amongst the working age population (i.e. those not in the labour force) is estimated at 23.8% for 2019/2020. The inactivity rate has been on a downward trajectory since 2009/2010, consistent with the regional and national trend, with the exception of a spike in 2014/15 in County Durham. The rate of inactivity follows a similar trend to the North East, but has remained consistently higher than the national rate over the last ten years.
- 3.21 Over 22,000 residents in County Durham are economically inactive due to long-term health conditions, accounting for 29.5% of those classed as economically inactive, exceeding the regional (28.8%) and national (23.0%) proportions. This highlights the need to tackle health inequalities, which act as a constraint to growth and influence deprivation among communities.
- 3.22 The second most common reason for inactivity is looking after family members or the home (24.8%), with 18,600 residents, above the regional (21.4%) and national (21.5%) proportion. There is a lower proportion of students amongst the economically inactive, with 16,300 residents accounting for 21.8% of those classed as inactive, despite the existence of a university within the county.
- 3.23 In County Durham over a quarter (26.0%) of the inactive population would like a job, this is higher than the regional (24.9%) and national (21.9%) proportion, suggesting in County Durham this group may face more barriers to entering employment, or lack of training and employment opportunities than elsewhere.

## Resident and workforce earnings

- 3.24 The median earnings for residents of County Durham in 2020 were £28,002 for full-time workers in line with the median earnings for the North East but more than £3,700 below the national average.
- 3.25 In contrast, the median earnings for workers within County Durham during 2020 were £26,495 for full time workers, below both the regional and national median earnings. This suggests residents commuting out of the county are higher paid on average than those commuting in, in part reflecting the sectoral and occupational profile of employment.
- 3.26 Over the past ten years the earnings gap for both residents and workers has declined slightly in County Durham, although it remains below the national average.
- 3.27 Looking at low earners, the 10th and 25th percentile of both resident and workplace earnings are below the regional and national averages. When compared to the national average, the earnings of the 25th percentile in County Durham equate to less than 90% of the England level on both resident and workplace measures.

		County Durham	North East	England
<b>Resident Earnings – 2020</b>	Median	28,002	27,971	31,766
	10th percentile	16,984	17,289	18,065
	25th percentile	20,177	20,991	22,932
<b>Workplace Earnings – 2020</b>	Median	26,495	27,865	31,777
	10th percentile	16,405	17,160	18,070
	25th percentile	19,685	20,819	22,938

Source: Annual Survey of Hours and Earnings (ASHE), 2020

## Summary

- 3.28 While the County Durham population will increase over the next 20 years, the challenge of an ageing population, with implications for the labour market and health and care, and a reduced number of working age residents will have implications for both economic growth and the sustainability of local centres.
- 3.29 There is a challenge to ensure older residents who wish to work longer are supported to do so and are equipped with the necessary skills and flexible employment opportunities to allow them to continue to work into later life.
- 3.30 The data highlights the need to ensure a sufficient range of housing is available to cater for the changing demographic, e.g. for those downsizing and those with mobility restraints, but also to increase the supply of family housing to attract a larger working age population from other areas. County Durham needs to increase family housing in popular locations to help attract the 30 to 50 age group, as part of a strategy to increase its working age population and reduce in-commuting for higher skilled jobs in County Durham companies and institutions.
- 3.31 County Durham has a good employment rate although this is likely to decline in the short term as the full impact of the pandemic emerges, with a corresponding increase in unemployment, particularly amongst young people. There is a pressing need to increase job support actions and encourage private sector investment to offset ground lost during 2020/21.
- 3.32 While there is a focus on higher skilled and higher paid jobs, many of the replacement jobs needed to offset pandemic redundancies are at the intermediate skills level, with potential replacement jobs in sectors such as distribution, logistics and the health sector.
- 3.33 It is likely that unemployment will remain high and increase most amongst younger people, particularly those in the tourism, leisure and hospitality sector, and there may be scope for providing training which opens up other opportunities to them, such as through enhanced digital skills.
- 3.34 Many younger people would be encouraged to delay entering the labour market in 2021 and would be better serviced in gaining work related qualifications and looking for new jobs in 2022 when the economic recovery will be gaining momentum.
- 3.35 There are likely to be reduced opportunities for longer term unemployed and people seeking to return to work after an absence over the next two years. New supported employment initiatives and increased social value activities may be needed to provide additional support.
- 3.36 While the proportion of the working age population has been falling for some time, the County Durham inactivity rate is significantly above the national rate and large numbers of residents are unable to work due to care responsibilities and health related issues. Supporting local people to address these issues could help over the medium term to increase the size of the workforce and increase household incomes.
- 3.37 In particular a high proportion of the economically inactive population have long-term health conditions, highlighting the need to tackle health inequalities, which act as a constraint to growth and influence deprivation among communities
- 3.38 New health innovations are helping many people to better manage health conditions and these will help some people to return to work. The NHS is investing in digital health applications to assist people and County Durham needs to ensure such new approaches to better healthcare can benefit local residents.

# 4 Employment

## Introduction

4.1 This section of the report provides an overview of employment patterns in County Durham, including employment trends, sectoral strengths and key employment locations. Underpinned by historical strengths and reflecting evolution of the local, national and global economy, a thorough understanding of the employment base can set the wider economic review findings in context.

## Employment in County Durham

4.2 In 2019, 183,000 people worked in County Durham, accounting for 16.6% of total employment in the North East, a proportion below the county's share of population. Between 2009 and 2019, employment has increased by 10,500 (6.1%), above the regional rate (4.9%) but lower than the national rate of employment growth (12.8%). If County Durham's employment level had grown in line with the national trend, there would be 11,600 additional jobs in the county in 2019.

4.3 Approximately two thirds (66.3%) of employees in County Durham in 2019 worked full-time, and a third (33.7%) part time. This employment split is similar to the regional (66.1% full time) and national averages (68.1%). Total employment exceeded the number of employees in County Durham by 8,000 in 2019, taking account of self-employed workers (who are registered for VAT or PAYE).

Workplace Employment, 2019		
	No.	%
Full-time employees	116,000	66.3%
Part-time employees	59,000	33.7%
Total Employees	175,000	-
Total Employment	183,000	-

Source: Business Register and Employment Survey (BRES), 2019

## Sectoral Profile of Employment: A Traditional Employment Base

4.4 Manufacturing and health are County Durham's most prominent employment sectors, accounting for 13.7% of employment (50,000 people) each, 4.5% of 1.1m jobs in the North East. Retail and education also account for a large proportion of employment.

4.5 At broad sector level there are some differences in the sector structure of County Durham's economy compared to the national average:

- Sectors which are over-represented include: manufacturing accounts for 13.7% of jobs in County Durham compared to 8% nationally; education is also over represented within the local economy at 10.5% compared with the national rate of 8.4%, this is in part likely to be due to the strong presence of Durham University.
- Sectors which are under-represented include: professional, scientific and technical professions that account of 4.4% of jobs in County Durham compared to 9.8% nationally.

4.6 The sectoral profile of employment therefore shows a bias towards employment in sectors that are undergoing a period of change (in the form of manufacturing and retail) and public sector focused elements of the economy.

## Sectoral Employment Change

4.7 Whilst employment has grown overall in County Durham between 2009 and 2019 there have been significant differences in performance by sector.

4.8 Considering areas of higher than average growth:

- The arts, entertainment and recreation industry grew by 50%, generating an additional 1,500 jobs, at a time when the sector grew by 23% across the North East and 15% in England. The sector now accounts for a similar share of total employment (4.4%) in County Durham as regionally (4.4%) and nationally (4.8%).
- Education employment grew by 2,500 (+14%) compared to the sector's stagnation across the North East and nationally.

4.9 Although the growth rate was below the national average, the addition of 1,500 professional, scientific and technical jobs (+23%) represents significant growth in what remains an under-represented sector in County Durham. Overall, gains support the growing dominance of a service-based economy.

### Significant Employment Growth by Industry between 2009 and 2019

	County Durham		North East	England
	Total change	% change	% change	% change
Administrative and support service	2,500	38	39	31
Education	2,500	14	2	5
Human health and social work	2,000	9	16	15
Professional, scientific and technical activities	1,500	23	5	36
Arts, entertainment, and recreation	1,500	50	23	15
Wholesale and retail trade	1,000	4	3	3
Information and communication	500	40	22	25

Source: BRES, 2019

4.10 Conversely, some sectors within County Durham have experienced some moderate declines in recent years. As examples:

- There was a loss of 625 (-26%) jobs in the financial and insurance activities sector – a greater loss than recorded across the North East (-9%) whilst this sector grew by 1% nationally.
- Whilst there was a loss of 1,000 jobs (-6%) in public administration and defence, this sector fared much better than regionally (-24%) and nationally (-14%), with the sector remaining a key employer in County Durham.

### Significant Employment Decline by Industry between 2009 and 2019

	County Durham		North East	England
	Total change	% change	% change	% change
Public administration and defence	-1,000	-6	-24	-14
Financial and insurance activities	-625	-26	-9	1
Manufacturing	-500	-2	-6	1
Construction	-500	-5	-19	8

Source: BRES, 2019

## Sub-Sectoral Strengths and Specialisms

- 4.11 Sub-sector data provides a more detailed understanding of the structure of the County Durham economy, including areas of specialism within the employment base. The analysis considers two factors – total employment, and the concentration of employment as measured by the Location Quotient (LQ). The LQ is a measure of specialisation compared to the national average. A LQ of 1 indicates that the share of total employment in a sector locally is the same as its share nationally. A LQ above 1 indicates that the area has a higher proportion of employment in that sector than the national average. A LQ less than 1 indicates that the area is under-represented in employment terms.
- 4.12 In actual terms, the service economy dominates County Durham's top employment sub-sectors. The largest sub-sectors of employment are education and retail trade, collectively accounting for 22% of total employment and with employment levels growing over the last ten years. Public sector administration and defence is also an important sub-sector of the economy. In all three cases, the LQ exceeds 1. This highlights the prevalence of the public sector within the County Durham economy.
- 4.13 Although actual employment levels are lower, the LQ analysis shows that County Durham has notably higher than average concentrations of employment in residential care activities (a sector that is expected to grow to support an ageing population), land transport and transport via pipelines and social work activities within accommodation.

### Employment by Sub-sector, 2019

	Jobs	LQ	2009 to 2019 Growth
Education	20,000	1.30	2,500
Retail trade	19,500	1.16	2,000
Public administration and defence; compulsory social security	15,000	2.09	-1,000
Food and beverage service activities	11,500	1.05	1,500
Human health activities	11,000	0.82	500
Social work activities without accommodation	7,000	1.36	500
Residential care activities	6,500	1.57	1,000
Specialised construction activities	6,000	1.20	-500
Wholesale trade	5,000	0.69	-500
Land transport and transport via pipelines	5,000	1.37	-500

Source: BRES, 2019

- 4.14 The industrial economy remains important to County Durham – the primary (extraction of raw material) and secondary (manufacturing) sectors account for nine of the top ten sub-sectors by LQ. Although mining employment figures are now low, the sector remains an over-represented area of the local economy. The manufacture of pharmaceutical products is 8.11 times more concentrated than the national average (driven in part by the presence of GSK – a major pharmaceutical company) whilst water collection and treatment is 4.24 times more concentrated than the national average (with the Northumbrian Water HQ in the county).

## Employment by Sub-sector, 2019

	Jobs	LQ	2009 to 2019 Growth
Mining of coal and lignite	150	63.59	145
Manufacture of basic pharmaceutical products and pharmaceutical preparations	1,750	8.11	250
Water collection, treatment and supply	1,000	4.24	0
Manufacture of machinery and equipment n.e.c	4,000	3.76	750
Manufacture of fabricated metal products	4,750	2.80	2,250
Manufacture of wood and of products of wood/cork	1,125	2.53	-125
Electricity, gas, steam and air conditioning supply	1,750	2.37	- 250
Public administration and defence	15,000	2.09	-1,000
Manufacture of motor vehicles, trailers and semi-trailers	2,000	2.05	- 125
Manufacture of electrical equipment	850	2.05	-100

Source: BRES, 2019

### Manufacturing

- 4.15 The County Durham economy has a large manufacturing sector and a number of major world leading companies established in the county that acknowledge both historic and emerging strengths. The sector is represented through a diverse range of sub-sectors, including a number where there is both a strong presence and growth potential.
- 4.16 The manufacture of fabricated metal products forms the largest component of the manufacturing base within County Durham accounting for 4,750 jobs, a figure that has grown by 2,250 jobs since 2009. This is followed by the manufacture of machinery and equipment that accounts for 4,000 jobs and has experienced an uplift of 750 jobs.
- 4.17 County Durham is host to an increasing number of key manufacturing employers and assets. For example:
- Hitachi Rail has established a train manufacturing and assembly site at Merchant Park in South Durham employing around 600 and further sites have been identified within the county to expand operations further.
  - GSK is a major international brand that also has a significant facility at Barnard Castle employing around 1,400 within West Durham.
  - Gestamp Tallent Limited, a Tier 1 automotive chassis manufacturer, employ around 1,000 in Newton Aycliffe.
  - Caterpillar UK Limited are the largest employers in Peterlee with over 1,000 employees and are the only manufacturer of off-highway articulated trucks in the Caterpillar Group.
  - ZF are a Tier 1 automotive manufacturer of sensing equipment for cars, employing around 800 in Peterlee.
  - 3M UK plc, manufacturers of respiratory masks and PPE, employ over 400 in Newton Aycliffe.
  - Husqvarna UK Limited manufacture robotic lawnmowers, employing over 400 in Newton Aycliffe.
- 4.18 This illustrates how traditional and advanced manufacturing companies have successfully established themselves within County Durham with potential for further growth to occur.
- 4.19 While some manufacturers will increase their competitiveness through digitisation, robotics and automation, reducing the workforce, there is the opportunity to offset these losses through growth in some of the strongest sub-sectors. This includes those that are able to take up new opportunities in growth markets in the green economy, clean energy and long-term activities to reach zero carbon and help to meet climate change objectives.

- 4.20 While the pandemic has had a limited effect on the advanced manufacturing sector, Brexit is likely to impact on those companies which are part of European supply chains and are dependent on the recruitment of high skilled international migrants. Conversely, over the next five years, new trading arrangements could unlock new opportunities. Increased advanced manufacturing employment provides an opportunity for increased employment in skilled, above average productivity roles, therefore increasing the mean productivity in the local authority.

## Productivity by Sector

- 4.21 As noted in [chapter 2](#), County Durham's economy generated £8.8 billion of GVA in 2018, accounting for 16% of the North East total. One key measure of productivity is GVA per full-time equivalent (FTE) worker - the value of the output that one worker produces. In County Durham in 2018, GVA per FTE was £61,601 20% less than the national average at £75,149.
- 4.22 GVA per FTE varies considerably by sector, as shown in the table below. The sectors with the highest productivity levels in County Durham are manufacturing and agriculture, mining and utilities. While County Durham is more productive in the primary and secondary sectors of manufacturing and agriculture, mining and utilities compared to the national average, it is notable that it records a lower output per FTE worker in all other sectors. The largest disparities are evident in finance and insurance activities (reporting the third highest level of GVA per FTE within County Durham but a rate that is less than half the figure reported nationally) and information and communication (where the GVA per FTE contribution is just over half the national average).
- 4.23 These low levels of productivity impact on business profitability and wage levels, depressing household incomes and limiting the amount of spending in the local economy. Driving up productivity levels, across all sectors, is an important priority for County Durham but particularly in those sectors where performance lags considerably behind the national average.
- 4.24 Manufacturing, agriculture, mining and utilities and public admin and defence all account for a larger proportion of GVA than employment, finance and insurance activities and information and communication account for the same share, while the reverse is true in the case of all other sectors.

## GVA per FTE by Sector, 2018

	County Durham	England
Agriculture, mining, electricity, gas, water and waste	£139,956	£118,505
Manufacturing	£92,458	£78,802
Financial and insurance activities	£67,273	£143,805
Public administration and defence	£66,059	£78,763
Information and communication	£59,016	£116,376
Construction	£54,857	£90,860
Education	£46,820	£52,960
Wholesale and retail trade	£40,267	£55,692
Transportation and storage	£39,310	£58,950
Other service activities	£38,857	£63,682
Human health and social work activities	£36,333	£45,754
Arts, entertainment, and recreation	£35,368	£59,557
Professional, scientific and technical activities	£34,476	£64,869
Administrative and support service activities	£31,412	£47,506
Accommodation and food service activities	£29,290	£32,627
Economy wide	£61,601	£75,149

Source: BRES and Office for National Statistics (ONS) Regional Accounts GVA (Balanced), 2018

## Key Employment Locations

4.25 The map overleaf, shows the distribution of employment across County Durham, with the darkest purple areas presenting the location of the highest number of jobs, as of 2019. This highlights concentrations of employment in Durham City, Newton Aycliffe, Peterlee as well as Bishop Auckland, Barnard Castle, Spennymoor, Seaham, Chester-le-Street and Consett. The map also highlights the location of some of the largest public and private sector employers and key business locations and assets. Key employment locations are covered in more detail in [chapter 8](#).

## Summary

- 4.26 There has been significant employment growth in County Durham, with an additional 10,500 jobs added since 2009. However, the full impact of COVID-19 upon employment is yet to be experienced.
- 4.27 County Durham has a large industrial and public sector employment base. Manufacturing is a key sector of the economy with a large and diverse company base supporting 25,000 jobs. It makes the largest contribution in terms of GVA to the County Durham economy with its contribution per FTE exceeding the national average. While there is an underlying long term trend of workforce reduction in the sector, and this may be exacerbated by Brexit, the broad sector and particular sub-sectors have the potential to contribute to the UK Industrial Strategy, increasing County Durham and national productivity and supporting a move towards clean and renewable energy as part of zero carbon objectives.
- 4.28 It is impossible to overstate the importance of manufacturing to the County Durham economy. It is the largest source of full time, well paid jobs and the workforce productivity easily exceeds the national average.

Maintaining and, if possible, increasing employment, in the light of many challenges, is the number one economic priority for County Durham. There is a long term downward trend in UK manufacturing employment, and County Durham will need to secure new and significant inward investment – an ambition that it has successfully achieved in recent years – to offset the inevitable jobs losses in some sub-sectors.

- 4.29 The health sector has a very large employment base in the county and this is likely to continue. Brexit is likely to lead to recruitment challenges for the care sector while the health sector supply chain is likely to seek to reduce dependency on international supply chains, in the light of the COVID-19 pandemic. The sector is the best source of employment opportunities, across a broad range of skill levels, with replacement demand generating new job opportunities each year.
- 4.30 The performance of the ICT sector in County Durham is very poor, with GVA per FTE less than half of the UK figure, as is financial and insurance services. While the latter is not surprising, the ICT figure is worth further investigation and to take advantage of new trends the development of a strategy to address this issue, covering all aspects of sector development including place, business premises, business support and new starts and skills, should be a priority.
- 4.31 County Durham continues to be over dependent on the public sector for jobs growth and sector specialism. Increasing private sector employment in the high growth service sub-sectors is a requirement to rebalancing the economy, increasing employment and improving productivity.

# 5 Business and Innovation

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## Introduction

- 5.1 This section of the report provides an overview of the business environment in County Durham, including the business base and key businesses and innovation performance and assets. The business environment and the ability to attract and cultivate successful businesses as well as the level of innovation is a key to the success of a local economy, supporting growth and development, higher wages, and productivity.

## The Business Base

- 5.2 As of 2020, there were around 14,105 businesses within County Durham, accounting for 20% of businesses within the North East, in line with its share of population. Since 2010, the business base has grown by 2,660 businesses; an uplift of 23.2%, compared to 27.9% across the North East and 33% nationally. The strongest gains have been recorded in the period since 2014. If County Durham had matched the national growth rate, it would now be home to 15,220 businesses, 1,115 more than the latest statistics show.
- 5.3 Business density provides a measure of the size of the business base relative to the working age population. The business density in County Durham has grown between 2010 and 2020, from around 345 businesses per 10,000 working age residents to 430, roughly equal to the North East average, although it remains significantly below the national average (677). The rate of growth (24.6%) recorded over the period also remains below that recorded regionally (29.6%) and nationally (28.4%). County Durham would need an additional 8,126 businesses (58% of the existing business base) to achieve the England wide business density.

## Business Start-Ups, Deaths and Survival Rates

- 5.4 In 2019, 1,710 new businesses were created in County Durham, accounting for 17% of start-ups in the North East that year and 6% of the total business base. In recent years, County Durham's business birth rate has remained consistently below the regional and national averages, as a percentage of the business base, although at 12.4% the numbers are substantial.
- 5.5 Intelligence shared by Durham County Council suggests that in 2020 the top four industries for start-ups were construction, real estate, professional services and support activities, and wholesale and retail trade. Sole traders accounted for over half (52.1%) of start-ups, limited companies accounted for 46.1% and other for profit start-ups 2.8%.
- 5.6 Considering business deaths as a proportion of the total business base, County Durham performs well, although this may be indicative of fewer business births as a share of the business base. On average, 10% of businesses have ceased per annum over the last five years, which is considerably lower than the regional attrition rate (which has consistently been more than double the rate recorded in County Durham) and consistently below the national rate (which has fluctuated between 10% and 13%).
- 5.7 Data from the ONS details the business survival rates for enterprises created in 2014. In the first year, a similar proportion of enterprises, more than 9 in 10, survived in County Durham, the region and nationally. Overall, in the subsequent five years, 43.1% of businesses in County Durham survived, exceeding the rate recorded across the North East and similar to the proportion in England as a whole.

## Businesses by Employment and Turnover

- 5.8 The majority of businesses in County Durham are micro businesses employing fewer than 10 people (88.1%). This is slightly above the average proportion for micro businesses for the North East (87.6%) and below the proportion for England (89.7%). In 2020, there were 40 large organisations in County Durham employing over 250 people representing 0.3% of total businesses, a proportion marginally below the regional and national averages. Almost 300 businesses in the county employ 50 or more staff.

## Business Size, 2020

	County Durham		North East	England
	No.	%	%	%
Micro (0 to 9)	12,425	88.1	87.6	89.7
Small (10 to 49)	1,385	9.8	10.1	8.4
Medium-sized (50 to 249)	255	1.8	1.8	1.5
Large (250+)	40	0.3	0.5	0.4
<b>Total</b>	<b>14,105</b>			

Source: Business Counts, 2020

- 5.9 Businesses by turnover data shows that County Durham's business base broadly mirrors regional and national trends. Reflecting the focus on micro businesses highlighted above, the majority of businesses in the county (84.3%) have a turnover of less than £0.5 million per annum. In contrast, there are over 1,230 businesses with a turnover over £1 million, equating to 8.7% of the business base, compared to 9.5% nationally.

## Businesses by Turnover, 2020

	County Durham		North East	England
	No.	%	%	%
Micro (0 to 9)	12,425	88.1	87.6	89.7
Small (10 to 49)	1,385	9.8	10.1	8.4
Medium-sized (50 to 249)	255	1.8	1.8	1.5
Large (250+)	40	0.3	0.5	0.4
<b>Total</b>	<b>14,105</b>			

Source: Business Counts, 2020

## Businesses by Sector

- 5.10 The business base by industry shows that, unlike the share of employment, construction makes up the largest proportion of businesses (14.7%), followed by professional, scientific and technical; (12.2%) and agriculture (9.7%).
- 5.11 Sectors in agriculture and accommodation have larger than typical shares of the business base in County Durham when compared to the national picture, whilst the number of information and communications firms is below average.
- 5.12 County Durham's largest employment sectors of manufacturing and health account for relatively small numbers of businesses, suggesting a focus on medium and large employers for employment in the sectors.

## Businesses by Sector, 2020

	County Durham	England
Wholesale and retail trade	2,120	15.0%
Construction	2,075	14.7%
Professional, scientific and technical	1,720	12.2%
Agriculture, forestry and fishing	1,375	9.7%
Accommodation and food services	1,225	8.7%
Administrative and support services	965	6.8%
Manufacturing	880	6.2%
Transportation and storage	740	5.2%
Other service activities	685	4.9%
Human health and social work	510	3.6%
Information and communication	470	3.3%
Real estate activities	365	2.6%
Arts, entertainment and recreation	335	2.4%
Education	240	1.7%
Financial and insurance activities	190	1.3%
Public administration and defence	85	0.6%
Water supply; sewerage, waste management and remediation	60	0.4%
Electricity, gas, steam and air conditioning supply	40	0.3%
Mining and quarrying	20	0.1%
<b>Total</b>	<b>14,105</b>	

Source: UK Business Counts, 2020

## Innovation

- 5.13 Innovation is a key driver of economic growth. Increasing the level of innovation and the uptake of new ideas gives businesses a competitive edge and can lead to productivity improvements. The UK's Industrial Strategy also highlights the importance of innovation to economic growth and development, bringing benefits across the economy as a whole.
- 5.14 The Innovation Readiness Report prepared by Oxford Economics (2019), suggests that County Durham already has an established reputation for innovation and a specialism in R and D intensive sectors compared to the remainder of the North East. In 2016, R and D expenditure was estimated at £100m in County Durham, of which 45% was contributed by the higher education sector (reflecting the presence of research-led Durham University). The report forecasts that R and D spend will increase by 7% between 2017 and 2025 reaching £123 million by 2025. The research suggests that if the level of innovation was to match Cambridge and Oxford there would be £283 million in additional R and D spend and 16,000 additional jobs in innovation-orientated sectors by 2025.

- 5.15 The UK Government's Industrial Strategy has a target to raise investment on R and D to 2.4% of gross domestic product (GDP) by 2027. In 2018, R and D expenditure in the North East (region) was £780 million, 1.2% of GDP, below the national rate 1.8% and the Industrial Strategy 2027 target. R and D expenditure in the North East accounts for 2.4% of total English expenditure on R and D, including £443 million of R and D undertaken by businesses (1.9% of the national total) and £250 million by Higher Education Institutions (3.5% of the England total).
- 5.16 Reflecting the region's focus of R and D expenditure within the Higher Education sector, the R and D spend per employee was just £722 in the North East region in 2018. This is the second lowest amount of investment per job in the English regions after Yorkshire and the Humber with £661. The average investment per job in England stood at £1225. To equal this, the North East would need to attract an additional £545m of R and D investment per annum.
- 5.17 Limited R and D investment across the business base is impacting on performance. Within the Benchmarking Local Innovation Report (2019), the North East LEP ranks 28th out of 39 LEP areas for the number of firms undertaking R and D with less than a fifth (19.3%) of firms undertaking this activity. In comparison, Oxfordshire is ranked number 1 with 40% of firms undertaking research and development.

## Knowledge Intensive Industries

- 5.18 Knowledge intensive industries, which include High tech and Medium-High Technology Manufacturing and Knowledge-intensive Services as defined by Eurostat, are based on industries' use of technology, R and D intensity and the level of workforce skills and therefore provide one assessment of the level of innovation in an area. Within County Durham, 91,000 people are employed in knowledge intensive industries – almost half of total employment (49.7%), marginally below the national level (50.9%).
- 5.19 Knowledge-intensive service sectors are underrepresented in employment terms, accounting for 43.4% of employment compared to 48.4% nationally. If knowledge intensive services constituted the same proportion of jobs in County Durham as across the country, there would be an additional 9,000 jobs in knowledge intensive services.
- 5.20 In contrast, County Durham has recognised strengths in high or medium-high technology manufacturing, which account for 11,500 of jobs in knowledge intensive industries equating to 6.3% of total employment, the second highest concentration in the North East and notably above the England average of 2.5%, reflecting clusters of activity, including the manufacture of transport equipment such as at the Hitachi Rail plant in County Durham.

### High/Medium-high Tech Manufacturing Share of Total Employment, 2019

	High-technology Manufacturing	Medium-high-technology Manufacturing	High and Med-high-tech
County Durham	1.3%	5.0%	6.3%
North East	0.5%	2.1%	2.5%
England	0.5%	3.7%	4.2%

Source: BRES, 2019

- 5.21 Oxford Economics predicts the GVA for high technology and knowledge-intensive sectors will grow by 5% by 2025, driven by productivity improvements which will help to boost wages in these sectors and make County Durham more attractive to skilled individuals, as well as contributing to overall economic performance.

## Assets

- 5.22 Two key innovation assets and locations in the county are the University and the North East Technology Park (NETPark).
- 5.23 The prestigious Durham University is a key anchor institution for the county. Attended by over 19,000 students and employing 1,720 academic staff and 2,640 support staff, Durham University is a leading UK centre of excellence in higher education that forms part of the Russell Group of research-intensive universities.

- 5.24 The National Industrial Strategy recognises the key role for universities as suppliers of highly skilled graduates, drivers of innovation and enterprise and as significant local economic entities in themselves. The university is ranked in the top 40 universities worldwide for employer reputation, 98% of Durham graduates were in work or further study three and a half years after graduation (DLHE 2016/17).
- 5.25 The university has world-class expertise in science, engineering and technology, social science, the arts and humanities. Around a third of all students are enrolled in STEM related subjects. For teaching, it is ranked first in the UK for Music, second for English and Chemistry and third for Forensic Science and Archaeology. In the QS World rankings by subject, Theology and Religion, Archaeology and Geography at Durham University are in the world top 10.
- 5.26 Research performance is also strong. Durham University ranked within the top 20 universities in the UK for research quality in 2021 and the university's Research Excellence Framework (REF) results for 2014 found that 83% of research was "internationally excellent" or "world leading". The University has a number of research institutes including the Wolfson Research Institute, that facilitates research in medicine, health and well-being.
- 5.27 The 2019 Oxford Economics Innovation Readiness Report suggests the university underperforms in regards to spin-off/ start-up activity potentially reflecting of an absence of a collaborative network surrounding the university. This presents an opportunity for development, allowing the County Durham economy to gain further benefits from the activities of the university.
- 5.28 NETPark, a leading science, engineering, and technology park, is another key asset which facilitates and encourages collaboration supporting businesses to innovate and grow. It is the only science park in the UK to have two Catapult Centres, as well as three national innovation centres for Healthcare Photonics, Formulation and Printable Electronics. The co-location of the facilities and businesses helps to foster collaboration and innovation.

## Summary

- 5.29 County Durham has a large business base, with around 2,300 more companies than in 2014. There is a large pool of small companies, 1,385 in total employing between 10 and 49 people, and some 295 companies employing between 50 and 249 people. The employment profile is reflected in the business turnover figures with some 145 companies with a turnover of between £5 million and £10 million and a further 155 with a turnover in excess of £10 million.
- 5.30 While the business base by industry shows that construction makes up the largest proportion of businesses followed by professional, scientific and technical; the county has a very large number of manufacturing companies, 880 in total and 740 in transport and distribution. The county also has a significant number of businesses in key service sectors with considerable growth potential. This includes some 470 businesses working in ICT and 190 in financial and insurance services, although the data suggests employment numbers and productivity are low. Further investigation of this position could help to develop these two sectors which have very positive growth prospects.
- 5.31 In a typical year, some 1,700 new starts are established in County Durham and while the start-up rate is below the North East average, the survival rate is much better, with a significant proportion still trading after five years of operation. County Durham should seek to increase the new starts rate to consistently match the wider North East figure.
- 5.32 The Durham economy benefits from many established and substantive businesses. Within this pool there are likely to be a substantive number with growth plans and the potential for expansion over the coming years. Developing plans to assist these companies, particularly in growth and high productivity sectors, should be a high priority for business support, skills and innovation funding.
- 5.33 County Durham has recognised strengths in high and medium high-tech manufacturing, with a relatively high concentration of employment. However, knowledge-intensive services are underrepresented in the county – presenting an area for potential growth. While the county benefits from a number of important assets, including the university, improving the skills level of the workforce is key to driving growth in innovation and productivity, with a highly skilled local labour force attracting more innovative businesses which then attract more highly skilled people to the area.

# 6 Education, Training and Skills

## Introduction

6.1 The education and skills system plays a key role in ensuring County Durham's young people have the skills and abilities that they will need to thrive in the labour market, and ensuring employers can access the workforce they need – across all age groups and career stages – to compete. Improving skills levels can drive growth, productivity, and the earnings potential of an economy as well as supporting individuals to respond to changing employer requirements. This section considers the current skills profile of the population and alignment with evolving skills needs within the economy.

## Skills and Training

- 6.2 The proportion of the working age population in County Durham skilled to Level 2 and above (75.3%) is broadly in line with the national population (75.7%) and higher than that of the North East (73.5%). Greater variations are evident at both the high and low skilled end of the spectrum. Data shows that:
- At 31.6%, the proportion of the population with a degree or a higher degree (Level 4+) in County Durham is considerably below the national average (40.0%), and marginally below the North East average (31.9%).
  - At the other end of the skills spectrum, 8.7% of working age residents have no qualifications, above the national proportion 7.5% but below the regional level 9.4%.
- 6.3 People with no formal qualifications are likely to find it increasingly difficult to find permanent, secure jobs paying above the minimum wage, as the structure of employment and employer demands change. With a significant proportion of the county's workforce in occupations at Levels 2/3, across both office based and industrial sectors, where jobs will be lost due to digitisation and automation, there is also likely to be a persistent demand for updating and refreshing skills to support people to move into new employment.
- 6.4 Overall, while the skills profile presents a broadly positive picture, these figures reveal that skills in County Durham are concentrated towards the lower end of the scale than nationally. Given changing skills requirements, a need for ongoing upskilling and re-skilling is anticipated to impact on all sections of the workforce over time. Supporting people of all ages to continue to enhance their skills will be important to facilitating access to and progression in employment, as well as supporting productivity gains across the economy.
- 6.5 Within County Durham 56% of businesses offer on and off the job training, exceeding the national rate of 50%. 100% of companies within County Durham offer any form of training, this is comparable to the national rate.
- 6.6 During 2018/2019, there were 3,060 apprenticeship starts in County Durham, 22% of the North East total. Just over 30% were intermediate apprenticeships, 43% were advanced and 24% were higher apprenticeships. Apprenticeship starts are broadly in line with the main employment sectors with the highest numbers recorded in business, administration and law; health, public services and care for the health and social work sector; and engineering and manufacturing technologies for the advanced manufacturing sector.

## Occupation

- 6.7 As of 2020, professional occupations (19.9%) account for the largest share of the working age population in County Durham, followed by associate professional and technical occupations (13.8%) and caring, leisure and other service occupations (11.7%). The occupational profile is aligned to the North East, but the comparison to the national picture reveals some disparities.
- 6.8 Locally there is a larger share of the workforce working in lower skilled occupations for example: 11.7% in caring and leisure roles compared to 8.8% nationally; 11.3% in elementary occupations compared to 9.6% nationally; and 7.9% are plant and machine operatives compared to just 5.6% nationally. This is indicative of the County's large industrial employment base. In addition, only 8.7% of the workforce are in managerial and senior roles compared to 11.8% nationally.
- 6.9 ONS Analysis from 20195 looked at the occupations most at risk of some tasks being replaced through automation, which found lower skilled jobs were most at risk (ONS (2019) Which occupations are at highest risk of being automated? <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25>).

The analysis suggested 1.5 million jobs in England are at risk of being partially automated in the future, with women, young people, and those in part time work are most likely to work in jobs which are at high risk of automation – 70% of the roles at high risk of automation are held by women, and those aged 20-24 are most at risk.

- 6.10 Elementary roles and process, plant and machine operatives on average are most at risk of automation, while managerial and professional occupations are least at risk. The three occupations with the highest probability of automation are waiters and waitresses, shelf fillers and elementary sales occupations, while medical practitioners, higher education teaching professionals, and senior professionals of educational establishment are at the lowest risk of automation.
- 6.11 Applying these probabilities to County Durham’s occupational profile, suggests around 45% of jobs are at high risk of being automated, the same proportion as across the North East but above the national proportion (43%).

## Skill Shortages

- 6.12 The UK Employer Skills Survey provides a comprehensive source of information on employer skills needs. In 2019, it found that 15% of employers in County Durham reported a skills gap compared with 13% in the North East and 13% nationally. Skills gaps of 3% are recorded in elementary occupations, skilled trades, and administrative and clerical staff, this is in line with national skills gaps reported for these occupations.
- 6.13 County Durham employers reported a lower proportion of hard to fill and skill shortage vacancies than the North East and national averages in labour intensive to middle-skilled occupations. However, 66% of hard to fill vacancies are due to a shortage of skills, compared to 67% nationally.
- 6.14 As noted earlier in the report, there is also the risk of significant skill losses as the population ages and people move into retirement, particularly in manufacturing industries. There is a need to ensure targeted upskilling on the workforce including younger generations to combat this challenge.

## Young People Not in Education, Employment or Training (NEET)

- 6.15 A young person who is not in education, employment, or training is classed as ‘NEET’ (<https://www.gov.uk/government/publications/neet-and-participation-local-authority-figures>). There is strong evidence that being NEET can have a long-lasting, negative impact on people’s labour market prospects, in terms of likelihood of experiencing future spells of unemployment and low earning levels, as well as on confidence and mental health.

### Young People Not in Education, Employment or Training (NEET), 2020

	County Durham	North East	England
% age 16/17 NEET	4.9	5.9	5.5
% female age 16/17 NEET	4.3	5.2	4.7
% male age 16/17 NEET	5.5	6.6	6.2
% age 16 NEET	3.7	3.9	3.5
% age 17 NEET	6.1	7.9	7.5

Source: NEET and participation: local authority figures, 2020

- 6.16 County Durham performs well in terms of young people not in education, employment or training against the regional and national rates. Whilst the percentage of 16 year old NEETs at 3.7% is higher than the national rate of 3.5%, it is lower than the regional rate of 3.9%, and the percentage of 17 year old NEETs at 6.1% is lower than the regional rate of 7.9% and the national rate of 7.5%.

## Education

- 6.17 The Department for Education (DfE) implemented Attainment 8 and Progress 8 measures in 2017, creating a new secondary school accountability system. Attainment 8 measures the average achievement of pupils in up to 8 qualifications including English and maths. Progress 8 aims to capture the progress a pupil makes from the end of Key Stage 2 to the end of Key Stage 4. It compares pupils' achievement – their Attainment 8 score – with the average Attainment 8 score of all pupils nationally who had a similar starting point (or 'prior attainment'), calculated using assessment results from the end of primary school.
- 6.18 Data from the DfE reveals County Durham's educational attainment is above the national average. Although between the academic years of 2017/18 and 2018/19 the average Attainment 8 score remained the same in County Durham, the Progress 8 score in the academic year 2018/19 reveals an improving position for County Durham. Despite this, the Progress 8 scores reveal that students continue to report poorer progress between the end of Key Stage 2 and Key Stage 4 compared to the national average.

### Secondary Attainment between 2017/18 and 2018/19

		2017/2018	2018/2019	change
Average Attainment 8 Score per pupil	County Durham	45	45	0
	England	44.5	44.7	+0.2
Workplace Earnings – 2020	County Durham	-0.23	-0.2	+0.03
	England	-0.02	-0.03	-0.01

Source: DfE, GCSEs Key Stage 4 Statistics, 2017/18 to 2018/19

- 6.19 In 2019, 65% of Key Stage 2 pupils were meeting the expected standard in County Durham for reading, writing and mathematics, equal to the national share but below the regional average of 67%. This marks a deterioration in performance locally since 2016, when that rate was at 70%. Although all areas considered have reported a deterioration in performance across the period, the reduction has been most significant in County Durham which previously performed ahead of the comparator areas.
- 6.20 Ofsted scores for 2019/2020 reveal that the majority of County Durham's primary schools are either outstanding or good (89%), comparable to 88% nationally. However, a smaller proportion of County Durham's primary schools are outstanding (16%) compared to 18% in North East and 17% nationally. One in ten primary schools in the county require improvement – a proportion that exceeds the rate in comparator areas - although just 1% of primary schools are inadequate compared to 3% nationally.
- 6.21 In comparison, Ofsted results for secondary schools reveal that a larger proportion of County Durham's secondary schools are outstanding (22%) than the North East average (16%) and a slightly higher proportion than nationally (20%). However, a higher proportion of schools require improvement or are inadequate, 38% in County Durham compared to 24% nationally.
- 6.22 Outstanding primary schools and high performing secondary schools are an important feature in persuading families with school age children to move into and remain in the county, potentially reducing in-commuting and attracting high skilled staff to take up employment opportunities.
- 6.23 Schools in County Durham continue to improve attainment at all levels and provide older pupils with better information, advice and guidance to make the transition to further education or employment.

## Future Skills

- 6.24 It is widely recognised that skills requirements are changing across the economy and that there is a need for the workforce to be adaptable. For example, digitisation will have a significant impact upon employment and skills at all levels across all sectors and demand for higher level skills is increasing.
- 6.25 The UK Commission for Employment and Skills The Future of Work Jobs and Skills in 2030 report suggests there is likely to be a further polarisation of the labour market, with a shift towards higher skilled occupations and 'a shrinking middle' as increasing number of jobs which traditionally occupy middle skill levels and earnings range become redundant due to technological advance and globalisation. The highly skilled minority

will have strong bargaining power while low skilled workers will be forced to work more flexibly increasing inequality. However, the report suggests new types of jobs will emerge to fill the middle ground, this means there will need to be a focus on ensuring people are retrained and reskilled and supported to moving into new roles to avoid rising unemployment levels as jobs become redundant.

- 6.26 The biggest increase in jobs is projected for managers, professionals and associate professionals, driving the demand for scientific and technical skills. In terms of low skilled roles, caring, leisure and other service jobs are expected to grow, while mid-level skilled jobs in administration and production are expected to decline.
- 6.27 Nationally, the workforce is expected to become more highly skilled, with around 54% of people in employment qualified to Level 4 or above by 2024, reflecting demand and supply-side factors as educational participation levels are expected to remain strong, older and often less qualified people retire, and demand grows for higher qualified employees to fill increasing numbers of managerial and professional jobs. This will have significant implications for the workforce in County Durham, which is concentrated within mid-level skills.
- 6.28 The 2019 Oxford Economics Innovation Readiness report suggests in County Durham there will be a continued shift in occupational profile with the highest skill-based occupations expected to account for almost half of all net additional jobs in the period up until 2025.

## Summary

- 6.29 The County Durham skills base reflects the structure of the economy, although the presence of major companies such as Hitachi Rail and GSK show that the county can provide a high skilled labour force to meet employer demand.
- 6.30 County Durham is well placed to provide the future workforce for a changing economy, with large numbers of young people regularly graduating from universities and its ability to attract staff from the wider North East.
- 6.31 The county has more of a challenge with regard to recruitment issues related to senior and experienced staff, an issue affecting a number of sectors and affecting the wider North East. Brexit is likely to make the UK a less attractive destination for international migration and could exacerbate these persistent problems.
- 6.32 A medium-term solution is the grow your own option and the county has an excellent record in apprenticeships, including higher level apprenticeships. The recruitment of apprenticeships should remain one of the most important priorities for the county given the evidence of the benefits to both the company and individual from investing in young people.
- 6.33 The occupational structure in County Durham shows much higher proportions employed in lower skilled occupations including in caring and leisure roles, elementary occupations and plant and machine operative roles and fewer working in more highly skilled occupations. Many routine jobs will be impacted by new technology.
- 6.34 County Durham has significant numbers in occupations which are at risk as digitisation, automation and robotics replaces jobs in both manufacturing and services. This often unseen but steady erosion of jobs will impact on efforts to increase employment and respond to the pandemic. Many of those affected will need to update their skills to take up new employment and the health sector, distribution and logistics are likely to be an important source of new jobs.
- 6.35 County Durham schools are underpinning improvements to the potential of pupils to move on to higher educated further education and employment. There is a small but significant group who do very poorly, with a serious and long term effect on their life prospects. Improving the educational performance of this group, who often are in challenging social settings, should be a major priority.

# 7 Housing and Communities

## Introduction

- 7.1 This section looks at the housing and communities' elements of the County Durham economy, including housing provision and affordability, deprivation and health and the roles different areas of the county play in the economy.
- 7.2 Housing plays a vital role in supporting the growth of the area and is key to reversing the forecast decline in working age population and providing the workforce that will be required to support economic growth.
- 7.3 In addition, addressing deprivation is key to developing a more inclusive economy, and ensuring areas are not left behind but can contribute and benefit from growth. There is now a growing body of evidence which shows that increasing productivity and the number of jobs in an economy are not guaranteed to improve living standards. Addressing the challenges facing communities, including housing and neighbourhood conditions, is an important part of the inclusive growth agenda.

## Households

- 7.4 As of 2019, there were an estimated 233,930 households in County Durham, 20% of households in the North East, with the average household size 2.2 people. ONS household forecasts reveal the number of households is expected to grow by 21,682 (9.3%) in County Durham by 2039. This rate of growth is marginally above the North East wide growth (8.8%) but below the national growth rate (17.0%).

### Household Projections (in thousands), 2014

	2009	2019	2029	2039	2019 to 2039 Change	
					No.	%
County Durham	220	234	246	256	22	9.3%
North East	1,123	1,182	1,241	1,286	105	8.8%
England	21,919	23,927	26,083	28,004	4,077	17.0%

Source: DCLG Live table 406, 2014 based

- 7.5 Housing plays a key role in economic development. Successful housing delivery is key to retaining and attracting people in the area. The anticipated household growth highlights the need to ensure there is a pipeline of housing delivery to meet growth. Delivering the right sort and scale of housing development can enhance economic performance and make places more attractive and competitive.
- 7.6 The housing market can also lead to concentrations of poverty, or act as a constraint on growth. The quality of housing is a key issue in some parts of the county with an ageing housing stock. There is a need to renew and replace some housing to ensure it is fit for its residents, serving and uplifting communities, improving quality of life.
- 7.7 It is important that County Durham's housing market, and housing growth plans, support its wider economic growth ambitions. This includes ensuring there is a supply of family housing built in good locations in terms of employment, schools, services, in order to attract working age people to the area, including those who currently commute into the county to work, to help to counteract the anticipated decline in the working age population. In addition, as the county's population ages, ensuring there is suitable housing for the growing elderly population is also important, which in turn can help to release family homes for working households.
- 7.8 In the ten years between 2009/10 and 2019/20, an average of 1,231 new homes were completed each year, below the level of household growth over the same period. Data from the last two years shows an uplift in the number of homes completed, with 1,640 homes completed in addition to a further 1,440 homes started in 2019/20. This is above the Local Plan Annual Growth target of 1,308 between 2016-2035.
- 7.9 The Strategic Housing Land Availability Report 2019 finds there is capacity for 32,388 houses over 375 sites that are identified as potentially suitable for housing development, of which 234 sites are existing housing

commitments, some of which are under construction. Within the 1-5 years delivery time frame there is potential capacity for 18,357 houses across the county and within the 6-15 years delivery time frame there is the potential capacity for a further 7,747 houses.

- 7.10 The Local Plan, adopted in 2020, reiterates the need to allocate housing close to jobs and services to ensure sustainable development by reducing the need to travel and ensuring that existing services are supported. The key housing allocations identified in the Local Plan match the employment growth locations and are concentrated within East Durham (20.9%), South Durham (16.4%) and Mid Durham (14.9%), which account for over half of the total allocations.

## Housing Affordability

- 7.11 Housing affordability is a key strength across County Durham. A commonly used indicator of housing affordability is the ratio of the median house price to median annual earnings. As of 2019, the median house price was over four times the median annual salary with a ratio of 4.35, suggesting housing in County Durham is more affordable than the North East as a whole, which had a ratio of 5.20, and significantly more affordable than nationally (7.83).
- 7.12 This is primarily driven by lower median house prices, rather than lower incomes. The median house price in 2019 in County Durham was £120,000, the lowest across all North East local authorities, marginally below the North East average (£140,000) and significantly below the national figure (£240,000).
- 7.13 The median housing affordability ratio has fallen since the decade before, similar to the trend across the North East but contrary to the national trend.
- 7.14 Housing is also relatively affordable for lower earners in County Durham. The ratio of lower quartile house price to lower quartile gross annual earnings is the lowest reported across all North East local authorities, at 3.68 compared to a North East average of 4.66, and significantly below the national ratio of 7.27.
- 7.15 A 2018 independent Residential Market Assessment of County Durham found that the County Durham market is granular in nature with house prices fluctuating significantly across relatively short geographical distances.

## Deprivation

- 7.16 The Index of Multiple Deprivation (IMD) is the most used measure of deprivation. IMD covers the following seven domains: income deprivation; employment deprivation; health deprivation and disability; education skills and training deprivation; barriers to housing and services; living environment deprivation; and crime.
- 7.17 In 2019, County Durham was the 62nd most deprived local authority in the country (out of 317), down from 75th position in 2015, representing a deteriorating position. Lower level statistics show that 12% of Lower-layer Super Output Areas (LSOAs) are in the 10% most deprived in England, compared to 20.1% across the North East as a whole, while exactly a third of LSOAs are in the most deprived 20% across the country. Within a northern context, particularly when compared to many of the northern cities, County Durham does not perform poorly by this measure of deprivation.
- 7.18 The figure overleaf shows there are hotspots of deprivation in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.
- 7.19 There is a need to address longstanding pockets of deprivation which exist within certain localities. This includes communities disconnected to their housing and labour markets which has a negative impact on social mobility. As noted by the Joseph Rowntree Foundation, a paradox exists where despite particular neighbourhoods being located close to key employment sites, the residents continue to be underrepresented within their local labour market.
- 7.20 Key interventions include: action to ensure young people are able to gain the qualifications, skills and capabilities to take up training and employment opportunities; ensuring targeted support is in place for those with health issues, including mental health, to bring people back into training and employment; support for those who need multiple interventions before they are ready to take up training and employment opportunities. In addition, the physical regeneration of deprived and rundown areas will play an important part in raising aspirations and increasing community confidence.
- 7.21 Interventions which can help address these issues and foster inclusive growth are key to lifting areas out of poverty and supporting social mobility. Not all deprived areas face the same issues and barriers, and therefore policy approaches need to recognise diversity in areas.

7.22 County Durham performs relatively poorly in the health deprivation and disability and employment domains – ranked 32nd and 35th most deprived respectively – with around a quarter of LSOAs in the most 10% deprived for both domains. In contrast, County Durham performs particularly well in the barriers to housing and services domain and relatively well in terms of the education, skills and training domain.

Index of Multiple Deprivation, 2019		
Domain	Rank of Average Score	% of LSOAs in most deprived 10% nationally
Overall Index	62	12.0%
Income	49	12.7%
Employment	35	24.7%
Education, Skills and Training	109	9.3%
Health Deprivation and Disability	32	25.3%
Crime	78	14.5%
Barriers to Housing and Services	288	0.9%
Income Deprivation Affecting Children Index	45	16.7%
Income Deprivation Affecting Older People	68	4.9%

Source: IMD, 2019

## Health Inequalities

- 7.23 As the IMD data suggest County Durham performs poorly in measures of health. Relative to regional and national levels, County Durham has:
- A lower healthy life expectancy at birth, a measure of the average number of years a person would expect to live in good health, for both men and women (Public Health England 2016-2018)
  - Higher mortality rates from causes considered preventable (across all ages) (Ibid)
  - A higher suicide rate and prevalence of mental health disorders (for those aged 16 and over) (Public Health England 2017-2019)
- 7.24 In addition compared to the national level County Durham has a higher prevalence of obesity in children (Year 6 aged) (Public Health England 2019/20). Closing these gaps could impact on economic performance as well as individual enjoyment of life.
- 7.25 Ill health is the cause of a larger share of those economically inactive than nationally, reducing the size of the labour force available to local employers, and suppressing household income levels.
- 7.26 A Northern Health Science Alliance report, Health is Wealth, highlights the importance of health on productivity and how improving health outcomes can reduce the productivity disparities between the North and the rest of England. The report highlights how reducing ill health leads to higher employment levels, lower economic inactivity and higher GVA per head.
- 7.27 Educational attainment and employment are key predictors for health and wellbeing and vice versa with poor health and high levels of deprivation impacting on school attendance, educational attainment and productivity at work and sickness absence. It is therefore key to look at wider determinants of health, including income, educational attainment access to employment, in order to address long standing health inequalities.
- 7.28 Given the constraint poor population health has on economic growth, there is a need to prioritise interventions which tackle deprivation, as discussed above, which results in ill health, in addition to providing services that promote the health and wellbeing of the workforce and help people manage their long-term health conditions.

## County Durham Geography

- 7.29 Durham has a diverse geography, with distinct areas having different roles to play in the local economy with different opportunities and aspirations for growth.

### Durham City

- 7.30 Durham City lies at the heart of County Durham, economically, socially and culturally. Durham City is the main employment centre for the county, accounting for around a quarter of the county's employment, providing access to employment and education, health and retail services for communities across the county. The City offers strong public transport and rail links, with Durham railway station and bus station, providing access to large potential labour pools.
- 7.31 Durham City Centre is the county's main office location. The city centre and businesses parks within the town represent a distinct offer within the county. The Aykley Heads site forms a prominent, high profile, gateway site, within close proximity of Durham Railway Station.
- 7.32 Durham City is also a key draw for visitors. Home to Durham Cathedral and Castle World Heritage Site, the city was named as one of the best cities in the world to visit in 2020 by The Independent.<sup>11</sup>
- 7.33 There has been significant investment in Durham City including the £30m redevelopment of The Riverwalk Shopping Centre including an improved retail offer, a multiplex cinema and associated leisure uses and new public realm opening up the riverside walkways. The £120 million re-development of the former Milburngate House site to deliver mixed-use commercial, leisure and residential development will help to regenerate a historic part of the city. Recently, New Durham City bus station was awarded a further £3.6 million towards a total £10.4 million cost to deliver a new bus station increasing footfall into the city centre.

### Towns

- 7.34 County Durham's towns also play an important role in supporting its communities. There are several larger towns which play an important role in the county's economy including Barnard Castle, Chester-le-Street, Consett, Spennymoor, Peterlee, Stanley, Bishop Auckland, Newton Aycliffe, Seaham and Crook, all of which have a population over 6,000 and are key locations for employment, retail and local services.
- 7.35 An ambitious masterplan for Bishop Auckland town centre has been developed capitalising on significant investment at Auckland Castle, to reposition the town as a major tourist destination within the county. The recent Future High Streets Fund award of almost £20m will play an important role in supporting the programme of change.
- 7.36 There is a level of decline occurring within town centres in County Durham, similar to what is happening in town centres across the country, particularly in the North. COVID-19 has accelerated the decline caused by the rise of online shopping as well as out-of-centre retail parks.
- 7.37 Diversification of the offer will support the county's town centres to have a sustainable future, reducing the reliance on declining retail and introducing new uses including housing, health and leisure, entertainment, education, arts, business/office space.

### Rural Communities

- 7.38 County Durham is a rural county with two in five residents living in rural areas. Rural areas can make a significant economic contribution, although dispersed populations and a lack of employment concentrations can at times mask their value. Many rural areas face challenges in providing a diverse range of employment opportunities, notably offering sufficient higher paid employment whilst retaining their working age population. Often there is a cycle of out-migration from rural areas of younger working age people as a result of a lack of local employment and progression opportunities.
- 7.39 A key objective of the Local Plan is to "Support and improve the rural economy by encouraging diversification, retaining and enhancing key facilities, infrastructure and services while promoting appropriate new development in rural settlements."
- 7.40 It is important to ensure rural communities have a balance of ages and are supported to grow while respecting the landscape and natural assets, ensuring they are providing quality environments for people to live and visit. Public transport networks are of key importance to rural communities, connecting people to employment and services and allowing young people to access education.

## Tourism and Cultural Assets

- 7.41 County Durham is the second most visited local authority in the North East after Newcastle by international visitors. It has seen significant growth in international visitors with an uplift of 76% over the past ten years compared to growth of 30% in Newcastle.
- 7.42 While the City of Durham is a major destination for UK and international visitors, the county has a strong tourism offer across the geography with an attractive coastline and countryside offer with the North Pennines Area of Outstanding Natural Beauty (AONB) incorporating much of the Durham Dales. There are approximately 70 regionally, nationally and internationally recognisable visitor attractions in the county.
- 7.43 According to data from VisitBritain, three of the county's visitor attractions rank in the top five destinations in the North East. The most visited are Durham Cathedral (more than 619,000 visitors and worshippers in 2016) and Beamish Museum (797,203 paying visitors in 2017). Other attractions with significant visitor numbers include Hamsterley Forest, Hardwick Park, Locomotion (National Railway Museum at Shildon), Palace Green Library, The Oriental Museum, the World Heritage Site Visitor Centre, The Bowes Museum, Bowlees Visitor Centre, Auckland Castle, Raby Castle, Durham Castle, Diggerland, Crook Hall and Gardens, Barnard Castle, The Botanic Gardens and the Durham County Cricket Club.
- 7.44 In addition, the county boasts a number of historic townscapes as well as local and national walking, cycling and riding routes which link beyond County Durham's borders. The county hosts major events which attract large visitor numbers such as Lumiere Durham and the Durham Brass Festival. A major new attraction at Eleven Arches, Bishop Auckland has recently added to the county's tourism offer, linking to the wider art and heritage based tourism opportunities being realised at Auckland Castle and Bishop Auckland Market Place.
- 7.45 There remains considerable scope to increase visitor numbers and length of stay. The main challenge is developing and promoting the variety and quality of the county offer, on a par with the high-profile North Yorkshire offer, with both a natural environment and heritage offer in many smaller towns.
- 7.46 Tourism and the leisure market have a role to play in regenerating many of the smaller town centres which have declined as consumers have moved to online shopping and major chains have closed shops in many smaller high streets.

## Summary

- 7.47 Housing delivery has typically been below household growth in the past decade although in recent years there has been a notable uplift in the number of homes completed. It will be important to maintain high levels of housing completions, with the added bonus of providing local jobs in the construction industry. Housing delivery needs to balance meeting the needs of an ageing demographic as well as retaining and attracting a young and skilled workforce including through the provision of family housing in high demand locations.
- 7.48 As well as ensuring new good quality housing is delivered in the right locations to attract and retain working age population, there is an ageing housing stock and in some areas there is a need to renew and replace poor quality housing to ensure it is fit for residents and does not continue to lead to concentrations of poverty and deprivation. There is also a need to make the housing stock more energy efficient as a contribution to the low carbon agenda. This is likely to require Government support and could provide opportunities for local employment.
- 7.49 Housing affordability is a key strength of the county: the median housing affordability ratio in 2019 in County Durham stood at 4.35 compared with the national ratio of 7.83, driven by lower median house prices, rather than lower incomes. In IMD deprivation indicators, County Durham performs well in the Barriers to Housing and Services domain.
- 7.50 In a northern context, relatively speaking County Durham, does not perform poorly in regard to levels of multiple deprivation, ranking 62nd nationally. In the North East, it is the 5th least deprived out of the 12 local authorities. However, there remains pockets of deprivation in certain communities across the County in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.
- 7.51 County Durham performs relatively poorly in the health deprivation and disability and employment domains. There is a strong link between health inequalities and high rates of economic inactivity. Poor health is linked to low educational attainment, absence and poor productivity. Multiple deprivation has affected many communities for many years, and various targeted initiatives have been tried over the past 20 years. There is a need to develop new solutions to make more progress.

- 7.52 County Durham town centres are likely to face major challenges as retail declines and online shopping and home deliveries increase. The pandemic is likely to lead to further high street closures while initiatives to help, such as the Future High Streets Fund, provide limited support to a small number of towns. There may be some benefit from looking across the UK for examples of community and business led successful town centre regeneration, focusing on smaller towns.
- 7.53 The diverse geography with Durham City, attractive towns and its rural communities have important and differing roles to play in the County Durham economy.
- 7.54 County Durham is a predominantly County with two in five residents living in rural areas. Ensuring there are suitable employment opportunities and transport links to key employment locations can help to retain younger working residents within rural communities, supporting the area to grow. It is also important that new development is delivered in a way which protects the natural environment and landscape.
- 7.55 Durham City plays a central role, home to key employers, anchor institutions and key cultural and heritage assets. The city is a key tourist destination with Durham Cathedral and Durham Castle, within a UNESCO World Heritage Site. The Bishop Auckland tourist offer is further being strengthened. As lockdown and travel restrictions are eased, tourism will help to play a key role in supporting the economic recovery post-COVID-19.

# 8 Connectivity and Infrastructure

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## Introduction

- 8.1 The quality of the economic infrastructure is a key factor determining competitiveness and impacts on the productivity levels of local areas, as highlighted in the UK Industrial Strategy. Infrastructure helps to connect people and businesses to markets, increasing earning power, attracting inward investment and driving productivity.
- 8.2 Economic infrastructure covers a wide range of facilities and structures that an economy needs to operate successfully, including the transport network, broadband connectivity, and the availability and quality of employment land and commercial premises.

## Transport

- 8.3 County Durham benefits from direct access to the A1(M), A19 and A66, connecting the county to the rest of the country. The A1 plays an important role in the economy, providing the North East access to Scotland and the south of England, while the A19 connects the east of the county to Tyne and Wear and Tees Valley and the A66 in the south of the county provides an east-west link. Significant investment over recent years has improved capacity on the A1(M) and A19, benefitting manufacturers and exporting firms.
- 8.4 There are three airports within one hour of County Durham, providing access to Europe and the rest of the world. County Durham also benefits from access to ports on the North East coast including Teesport and Port of Tyne.
- 8.5 The rail network is key to the economy with regular direct fast links to Newcastle, Edinburgh, Glasgow, York, Manchester, Liverpool, London, the West Midlands and the South West. County Durham benefits from services on the East Coast Main Line (ECML) stopping in Durham City and Chester-le-Street linking Edinburgh and London, providing connectivity to key locations. In total, there are seven train stations across the county which had a total usage, defined by the number of entries and exits, of 3.4 million between April 2019 and March 2020. Durham Train Station, accounted for the majority of total station usage and was the second busiest train station in the North East, with 2.7m entries and exits. Between 2009/10 and 2019/20, total station usage in County Durham, increased by 0.8m (32.2%), indicating growing demand for train travel in the area (Office of Rail and Road).
- 8.6 There are capacity issues on the ECML which could be partially relived by reinstating the Leamside Line, which would also support a more regular service between Durham City and Chester-le-Street and Newcastle and York, as well as allowing this part of the ECML to be HS2 ready and support the vision for the Northern Powerhouse Rail network.
- 8.7 The county benefits from a network of bus routes which connect residents throughout County Durham, Teesside and Tyne and Wear. Given the dispersed and ageing population and the 27% of households in County Durham who do not have access to a car (Census 2011), the bus network is highly important, particularly within rural communities and the most used form of public transport in the county. There is an extensive network of services with around 175 services and over 3,000 stops.
- 8.8 The Local Plan references the potential for the Tyne and Wear Metro to reach County Durham in the longer term.
- 8.9 While much of East and mid Durham are well connected, transport connectivity in the rural parts of West Durham remains an area of concern. Given that County Durham is primarily a rural county it is important to address connectivity issues ensuring communities can access education and employment opportunities. Poor connectivity can also impact upon its attractiveness as a business location and place to invest.

## Digital Connectivity

- 8.10 Good broadband coverage is an increasingly important economic asset, enabling businesses and residents to connect to the information economy, work remotely and benefit from electronic commerce and new ways of working. As of January 2021, superfast broadband (over 30Mbps) coverage is approaching 100% of premises (96.5%) in the county, marginally below the UK average (96.6%). However only 27.3% of premises have ultrafast broadband speed over 100Mbps, compared to 64.63% across the UK as a whole (<https://labs.thinkbroadband.com/local/councils>).

- 8.11 Within rural parts of the county a lack of reliable broadband connection remains a key issue that acts as a constraint to the economy in these areas.
- 8.12 The COVID-19 pandemic and lockdown measures has significantly increased the importance of digital connectivity, with a drastic move to home working across many parts of the economy. 5G is now available in some parts of the county, around Durham City and the A19 corridor, although coverage lags behind Newcastle and parts of the Tees Valley.

## Labour Mobility

- 8.13 Data from the 2011 Census show that 127,525 people (66%) of County Durham residents remained in the county for work while 65,161 residents (34%) worked elsewhere. The County Durham labour market is closely connected to the surrounding areas in the North East, with the majority of those commuting in and out of neighbouring local authorities. There were relatively insignificant amounts of commuter travel along the west boundary of the county, particularly towards Cumbria and south into Richmondshire, corresponding with the concentration of population in the east of the county.
- 8.14 Around nine in 10 of those commuting out of County Durham are going elsewhere in the North East (89%). The majority of those commuting out of the area work in neighbouring Sunderland and Gateshead, which accounts for 40% of those working outside of County Durham. The next most common workplace destinations for County Durham's residents were Newcastle and Darlington, each accounting for 13% of commuters.
- 8.15 In 2011, 35,193 people commuted into County Durham for work. Residents in the neighbouring local authority of Sunderland accounted for the largest number of those commuting into the county (27%), followed by Darlington and Gateshead who together with Sunderland accounted for over half of all in-commuters.
- 8.16 In 2011, County Durham was a net exporter of labour with a net outflow of almost 30,000. In 2017, data from Oxford Economics suggests this figure has risen to over 40,000. Out-commuting can be advantageous to support the economic success of the borough's residents by offering the required scale and breadth of opportunities that contribute to the county's higher residence-based than workplace-based earnings.
- 8.17 The net out-migration to work emphasises the importance of connections to other local authority areas to ensure residents have access to both the scale and variety of employment opportunities they require and demonstrates the quality and employability of the resident labour force.
- 8.18 However, it does suggest County Durham is not as successful at being an attractive place to work as it is to live, with insufficient employment options available to retain its residents and/or attract those from outside, meaning there could be untapped potential for local labour to be utilised in higher wage and more productive uses if the opportunities were available in the county.

## Employment Assets

- 8.19 Durham City is a key employment centre, with the largest office market, home to significant public sector occupiers, including the County Council, Passport Office, Land Registry, Northumbrian Water, Durham and Darlington Primary Care Trust (PCT) and Durham University as well as attracting private sector occupiers such as Atom Bank. However, the City is constrained by a lack of available sites which limits private sector investment.
- 8.20 The North East England Chamber of Commerce identified a lack of high-quality office space in and around Durham City as a constraint to growth in financial and professional services. Significant high quality office development at Aykley Heads, located within close proximity to Durham Train Station, will help to meet this gap and attract inward investment. In addition, Milburngate – the 450,000 square foot mixed use development on the banks of the River Wear – will deliver significant office, leisure and retail space as well as new apartments.
- 8.21 The A1 Corridor (including sites around Durham City) is the county's principal industrial location. It has a number of major employment locations including:
- Aycliffe Industrial Estate, Newton Aycliffe – A 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees, home to Hitachi Rail, Gestamp Tallent, 3M, Inovyn, Husqvarna among others. The arrival of Hitachi Rail has supported large scale job creation and helps to position Durham as a key location for inward investment in advanced manufacturing. There is potential for further expansion of the Estate.
  - NETPark, Sedgefield – in South East Durham is one of the UK's premier science, engineering and

technology parks, home to several high-tech companies specialising in fields such as nanotechnology, X-Ray technology, forensics and semiconductor technology. NETPark has strong links with Durham University, with NETpark research institute housing part of the University's Centre for Advanced Instrumentation. It is also home to two National Catapult Centres – The High Value Manufacturing Catapult, managed by CPI, and the North East Centre of Excellence for Satellite Applications, and three national innovation centres including National Formulations Centre, National Centre for Healthcare Photonics and National Centre for Printable Electronics. Plans for Phase Three will deliver a 26-acre expansion, supporting grow-on businesses wanting to expand and scale-up, and attracting further inward investment.

- 8.22 Other key employment sites on the A1 corridor include the Drum Industrial Estate, although the availability of land is very limited and Belmont Industrial Estate.
- 8.23 Within the A1 corridor, Phase 1 of Integra 61, Bowburn, has recently been completed. The £300m mixed use employment development will provide a total of three million square foot of industrial and logistics space, 300 new homes and 50,000 square foot of roadside opportunities, including a family pub/restaurant, hotel, drive-thrus, trade counter units, car showrooms, a care home and a nursery. Amazon has located its second robotics fulfilment centre in the North East at the site, one of the largest distribution centres in the UK, creating around 1,000 jobs.
- 8.24 The A19 Corridor in the east of the county is also a key employment location. The A19 Corridor has experienced strong levels of development, as a result of its Enterprise Zone Status, however it is noted within the Employment Land Review that this has led to an oversupply of larger office space with limited demand in part due to lack of public transport hubs.
- 8.25 The A19 historically has been a key industrial location with estates such as Peterlee North West and South West. Peterlee is home to a number of major national and international manufacturers, including Caterpillar and TRW.
- 8.26 The JADE Business Park, Seaham, is located within a designated Enterprise Zone. Phase 1 has delivered 155,000 square foot for distribution, technology and advanced manufacturing businesses. The Business Park is strategically located for businesses involved in the automotive construction supply chain, falling within the catchment area for Nissan supply chain companies. Phase 2 has the capacity to deliver a further 400,000 square foot.
- 8.27 Bishop Auckland and surrounding areas, in the south of the county to the west of the A1, has a more localised employment market, offering typically lower cost and lower quality office and industrial premises than found in Durham City and the A1 corridor. Bishop Auckland Town Centre is a key retail centre in the South and South Church Enterprise Park offers industrial space.
- 8.28 Consett and Stanley in the north of the county serve a more localised, self-contained market. Lack of connectivity to the strategic road network is often seen as a key barrier to locating in the area by larger prospective occupiers.
- 8.29 Barnard Castle is the main employment and service centre for the rural western area of the county. Harmire Enterprise Park and Stainton Grove are the two key employment locations. Barnard Castle contains a major industrial facility operated by GSK which has seen significant investment.
- 8.30 The Lichfield's Employment Land Review (2018) indicated that a large proportion of industrial space is no longer fit for purpose, contributing to high vacancy rates in certain size bandings including in locations such as Consett, Peterlee and Newton Aycliffe.

## Summary

- 8.31 Transport and connectivity is linked to increased productivity and inward investment. The economy benefits from good connectivity within the county via the road, rail and bus networks as well as being well-connected to elsewhere in the North East and further afield, with three airports within one hour drive and easy access to ports on the North East Coast including Teesport and Port of Tyne. The potential for the Tyne and Wear Metro to reach County Durham would further strengthen the public transport links.
- 8.32 County Durham benefits from a good strategic road network, which has supported corridors of growth along the A1 and A19, establishing them as key employment locations, helping to attract inward investment targeted at advanced manufacturing, logistics and distribution.

- 8.33 There is a need to continue to invest in transport infrastructure and developing robust business cases for agreed transport priorities should be a priority, along with more local improvements to take advantage of new funding.
- 8.34 Digital connectivity is increasingly important to the economy, while almost 100% of premises have access to superfast broadband (over 30Mbps) coverage, only 27.3% of premises have ultrafast broadband speed over 100Mbps. Improving broadband connections in rural areas can open up new opportunities for businesses and residents.
- 8.35 The key employment sites are concentrated within:
- Durham City – the key office market
  - A1 Corridor – the key industrial location
  - A19 Corridor – secondary industrial and office location
- 8.36 In addition, there are concentrations of employment in more localised markets around Bishop Auckland and Consett and Stanley. Barnard Castle, in the rural west of the county, also contains some large employment sites and employers including GSK.
- 8.37 Employment space in County Durham is dominated by industrial uses, accounting for 89% of all commercial floorspace, indicative of the large manufacturing base. The 2018 Employment Land Review suggests industrial space in some locations is no longer fit for purpose, contributing to high vacancy rates. Consideration should be given to strengthening two major locations for advanced manufacturing and logistics/distribution as part of a strategy to attract large scale inward investment.
- 8.38 While office space is underrepresented in Durham, within the North East it is the second biggest market for office space after Newcastle with Durham City being the key office location. However, there is an identified lack of quality office space in Durham City which acts as a constraint to the growth of finance and professional services, which are underrepresented in the county's economy. Development at Aykley Heads and Milburngate will help to meet this gap in the market. In contrast, there is a reported oversupply of office space in the east of the county leading to high vacancy rates.
- 8.39 There is a need to modernise a large part of the business stock, in terms of both industrial and office space, to ensure County Durham can continue to support its small and medium sized businesses to grow and attract inward investment.

# 9 The Impact of COVID-19 and Brexit

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## Introduction

- 9.1 County Durham and the UK as a whole are facing two key challenges – the COVID-19 pandemic and the UK's departure from the European Union. The dual effects of COVID-19 and Brexit are likely to continue to have a significant impact upon County Durham's economy in the short and medium run and is likely to result in an immediate increase in unemployment and more challenging conditions for many businesses in both the service and industrial economy.
- 9.2 Sectors most exposed to the impacts of COVID-19 are not the sectors most at risk to Brexit, although the at-risk Brexit sectors are the high value added parts of the County Durham and include a number of major employers. The at-risk COVID-19 sectors are dependent on a robust rebound when lockdown restrictions end and are pre-dominantly enterprises that have been unable to trade over a 12 month period.

### **Brexit at risk sectors (\*LQ 1 or above in County Durham)**

- Life Sciences\*
- High Value Manufacturing\*
- Chemicals\*
- Logistics
- Food and Drink
- Agriculture and Aquaculture\*
- Creative Industries
- Financial and Business Services

### **Most affected COVID-19 sectors (\*LQ 1 or above in County Durham)**

- Accommodation and food services
- Arts, Culture and Recreation
- Construction
- Education\*
- Transport and Storage
- Retail and wholesale
- Other Services

## COVID-19

- 9.3 The COVID-19 pandemic has caused a traumatic shock to the whole economy, with the impacts likely to continue to be borne out deepening many of the socio-economic challenges already being faced. Although various protection measures and home working have reduced the immediate impact on many sectors, there have been profound impacts on some sections of the economy.

### **North East Impacts**

- 9.4 In May 2020 Institute of Chartered Accountants in England and Wales (ICAEW) published the expected regional COVID-19 impacts produced by Oxford Economics. The research suggested in terms of both output and employment, the North East is likely to be worse hit than the UK average in 2020 and recovery in 2021 may be slower than elsewhere.
- 9.5 The research suggests in the North East, the largest job losses will have been in accommodation and food services (circa -12,000) followed by manufacturing (circa -9,000) and wholesale and retail trade (circa -8,000).
- 9.6 The research highlighted the region is more exposed to the impacts of COVID-19 in regards to poorer internet connectivity and the sectoral structure meaning that fewer people are able to work at home. In addition, the North East is more vulnerable due to exposure to impacts on trade and the proportion of the population over 65.

## Oxford Economics Structural Vulnerability Scorecard North East, May 2020

	UK=0*
Trade	1.1
Population +65	0.5
Hospitality	-0.2
Retail	-0.6
Manufacturing	1.2
Self-employed	-1.3
Work from Home	1.6
Small firms	-2.3
Internet	2.2
Hospital beds	-1.8
Population Density	0.0
*Greater than 0 indicates it is more exposed than the UK average Source: Oxford Economics ICAEW, May 2020 Economic Outlook	

### Redundancies and Unemployment

- 9.7 The number of people claiming JSA and UC in County Durham was 20,185 in December, an increase of 7,420 compared to the year before. The number of claimants rose by 67% between March 2020 and May 2020 and has remained high, in an area that already reported unemployment levels above the national average. In terms of age groups, there has been the largest growth in claimants aged over 50. There has also been a sharp rise in unemployment amongst young people, who typically have a high representation in sectors such as hospitality and leisure, as well as more young people becoming economically inactive.
- 9.8 Data collected by Business Durham suggests there have been around 1,000 redundancies across the county since the onset of the pandemic.
- 9.9 The latest CJRS Statistics (December 2020, reporting figures as of 31st October) show there were 12,500 furloughed in County Durham, equal to 7% of employment in the county, down from 32,400 furloughed in July 2020 (17% of the employment base). The government have announced an extension of the furlough or CJRS until the end of March 2021, however concerns remain that as support comes to an end, redundancy and unemployment levels will start to rise.
- 9.10 The impact of COVID-19 has hit the self-employed particularly hard. The latest figures for the SEISS to the 31st October 2020 show there were a total of 13,200 claims made in County Durham, 20% of the North East total, equating to £30.6 million being claimed.
- 9.11 Unemployment is likely to increase further in the summer/autumn of 2021 as the furlough support ends and many businesses re-open with fewer staff.

### Sector Analysis

- 9.12 Data from the APS suggests 76,000 people (33.1% of working population) in County Durham are in key worker occupations.
- 9.13 The tourism, hospitality and culture sectors have been severely impacted by the national lockdowns, social distancing measures and travel restrictions. County Durham has a lower share of employment within accommodation and food sector and the arts, entertainment and recreation sector than nationally, although there are 1,560 businesses and almost 18,000 jobs which are likely to have been impacted. While these

sectors are forecast to rebound strongly in 2022, and possibly the second half of 2021, with tourism expected to support economic recovery, there will be significant job losses and company closures in the short term. Recently, a UK Hospitality survey reported that 41% of businesses surveyed suggested that their business would fail by mid-2021.

- 9.14 Manufacturing has not been hit as hard as other sectors. Business Durham intelligence suggests the majority of manufacturers were operating at near normal capacity as of November 2020.
- 9.15 While financial, professional services and digital businesses, have largely been able to transition to home working, it is expected there will be hidden job losses in certain business and professional services and digital and creative sectors, unseen to date.

## Schools

- 9.16 There is a significant challenge facing all the school age population as a result of the pandemic and the educational loss from the unprecedented disruption to school education. DfE research has shown that poor educational performance impacts directly on lifetime earnings and the pandemic risks damaging a generation of young people.
- 9.17 Without intervention, long term educational and employment inequalities are likely to be exacerbated by school disruption and as work placement opportunities fall. Resources are likely to be made available to allow pupils to catch up and a significant proportion of these need to be targeted on the most disadvantaged pupils from low income households, who are likely to have fallen further behind. The disruption to schools and the educational consequences are likely to take several years to address.
- 9.18 There is an immediate need to provide training and job search support to respond to the considerable job losses arising from the pandemic as well as the reduced opportunities from companies and organisations changing or postponing recruitment plans. The scale of the challenge will fully emerge throughout 2021 as Government job support measures end.

## Interventions

- 9.19 Supporting existing businesses is key to ensuring County Durham makes a strong recovery. The Government have delivered a range of schemes aimed at supporting businesses. In addition, Durham County Council has distributed over £104 million in grant to over 9,500 beneficiaries to support business resilience in the face of unprecedented challenges. There is also The Durham Business Recovery Grant, a £5 million fund, designed to help County Durham businesses to recover from the effects of COVID-19.
- 9.20 While there is likely to be a strong bounce back, from a lower base, as restrictions are lifted, many hospitality and leisure related business may not reopen, while others may continue but with fewer staff. There is likely to be an increase in new starts and re-configured businesses. A number of centres will see increased vacancy rates and there are long term implications for commercial landlords and a number of high streets.
- 9.21 The loss of typical annual recruitment will affect young people and 2021 is a very poor time to enter the labour market. Many young people would benefit from remaining in training and education to improve their skills and qualifications and look for better opportunities in 2022 and 2023.
- 9.22 While support for those seeking employment and businesses is likely, directed through national programmes, it will be important that County Durham businesses and training organisations access these funds, with a need to focus training on the future skills needed.

## Brexit

- 9.23 While the UK left the EU on 31st December 2020, the full consequences of Brexit are likely to take a number of years to be fully felt, with uncertainty around the nature of future trade deals. The implications of leaving the EU depends on various factors including: trade and migration policy including access to the European market; the risk of complex customs processes; the possibility of tariffs on European trade; and gaps in skills availability.
- 9.24 As the UK formally left the EU in the midst of a global pandemic, it is likely that it will be some time before the full impacts of Brexit are visible. A recent forecast suggested that Brexit will reduce growth in the economy by 1%-2% in 2022.

## Business Impacts

- 9.25 Those businesses reliant on importing and exporting – who benefitted from free and frictionless trade with the EU – will be significantly impacted by Brexit. There is likely to be a reduction in exporting activity relative to the current position before leaving the EU as a result of the potential tariff and non-tariff barriers.
- 9.26 The early signs are that many businesses and agents have been prepared for the increased time and costs of importing and exporting, although the added delay to the process has considerably increased the friction for a number of sectors. The new arrangements are a disincentive for both exporters and importers and have provided an incentive for EU companies to look for other EU based suppliers.
- 9.27 In addition, there is also likely to be a reduction in the attractiveness of County Durham and the North East as a place to invest and re-invest relative to other cities and regions in the EU. The UK's previous promotion of the UK as a base for European markets no longer applies.
- 9.28 There is no experience (yet) of the benefits of any new trading arrangements with other countries and trading blocs.

## Workforce and Skills

- 9.29 Every sector of the UK economy recruits higher skill personnel from the EU. This reflects skills shortages and the free movement of labour, with the UK an attractive destination with an excellent quality of life.
- 9.30 Arrangements have been put in place to allow EU residents in the UK to continue to work in the UK and to introduce new entry requirements for higher skilled workers globally to come to the UK. These new arrangements are not on a par with the former rights of EU citizens.
- 9.31 The UK is now likely to be a less attractive destination for many EU citizens and this could impact on both manufacturing and the health services, where highly skilled personnel have previously been recruited from the EU in substantial numbers.
- 9.32 The consequences for lower skilled and paid occupations which depend on economic migration, such as health and care and parts of food production and processing, are likely to be more severe and could result in a shortage of labour.
- 9.33 While the hospitality sector also depends on regular lower paid recruitment internationally, the job losses from the pandemic are likely to lead to a large group of people seeking new employment as the recovery builds momentum.

## Sectoral Impact

- 9.34 The industrial sector (excluding extraction) is the most exposed to Brexit, with manufacturing and construction likely to have the largest losses according to research by Oxford Economics.
- 9.35 Services such as finance and communications are also amongst the most exposed sectors to Brexit, due to a potential reduced ability to recruit EU higher skilled professionals and potential for post transition agreements to restrict UK access to European finance markets. These sectors however account for a much smaller share of County Durham's economy than across the country, together accounting for 2% of total employment compared to 8% nationally, leaving it less exposed to the adverse impacts.

## Manufacturing

- 9.36 Manufacturing is at risk due to tariff and non-tariff barriers and integrated supply chains with the EU, with some manufactures relying on 'just-in-time' delivery of parts or inputs, who may be experiencing disruptions in their supply chains caused by increased or uncertain processing times for goods at the border. Manufacturing is one of the largest sectors in County Durham with 25,000 jobs accounting for 14% of total employment.
- 9.37 The sub-sectors manufacture of automotive, transport equipment, chemicals and chemical products and textiles, in particular, are expected to be impacted the most. These together account for over a third of County Durham's manufacturing sector, compared to 26% across the country, and 4.8% of total employment compared to 2% nationally.

## Brexit: Most at Risk Manufacturing Sub-sectors, 2019

	County Durham		North East	England
	No.	LQ	No.	No.
Manufacture of textiles	400	1.1	1,125	53,000
Manufacture of chemicals and chemical products	800	1.5	7,500	81,000
Manufacture of machinery and equipment n.e.c.	4,000	3.8	11,500	158,000
Manufacture of motor vehicles, trailers and semi-trailers	2,000	2.1	15,000	144,500
Manufacture of other transport equipment	1,500	1.9	2,750	116,500
<b>Total sub-sectors</b>	<b>8,700</b>	<b>2.3</b>	<b>37,875</b>	<b>553,000</b>
<i>% in total manufacturing</i>	34.1%		34.7%	26.2%
<i>% in total employment</i>	4.8%		3.4%	2.0%

Source: BRES, 2019

## Health and Social Care

9.38 There are three major risks to the health sector arising from Brexit and the consequences may have the greatest impact on the care sector. These are:

- Reduced ability to recruit EU higher skilled medical professionals. Although arrangements are in place to allow the economy to recruit higher skilled workers, the UK may now be less attractive to EU citizens.
- Reduced ability to recruit lower and medium skilled health workers, including care staff. There is likely to be a reduction in workers who qualify for entry to the UK, impacted by lower skills and wages, below the threshold. This has a potential impact on the cost of providing care, in the context of challenging Local Authority and NHS budgets.
- Delays at ports and limited warehousing facilities for medicines and health supplies may disrupt service and lead to higher costs.

## Summary

9.39 Over the 2020-25 period, economic growth in the North East is expected to be the weakest of any region, while unemployment at the end of the period could be the highest of any region (Oxford Economics ICAEW May 2020 Economic Outlook). Regional disparities therefore may grow over the next four years, highlighting the importance of prioritising the 'levelling up' agenda.

9.40 This outcome is not inevitable and could be mitigated by early actions and new private and public sector investment, including new investment from the Shared Prosperity and LUFs.

9.41 The major challenges are:

- Increased unemployment, particularly for young people, and fewer job opportunities as companies adopt a cautious approach to new recruitment.
- The educational damage to a generation of school students and the challenge of making up lost ground, particularly for pupils from low income households.
- The medium-term effect of Brexit on the county's large manufacturing sector, including recruitment difficulties and increased friction for companies importing and exporting.
- The challenge to the NHS and care sector with regards to international recruitment (a key element in the workforce strategy) at a time when the sector is under intense pressure.

9.42 These challenges are compounded by uncertainty of when travel and social distancing measures will end and the likelihood that new post Brexit market opportunities may take several years to emerge.

# 10 Future Economic Growth

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## Introduction

10.1 The future economic outlook for County Durham is considered in this chapter, using published data to inform forecasts.

## Economic Output

- 10.2 Forecast GVA growth for County Durham has been assumed to follow regional levels, as it did historically between 2006 and 2018.
- 10.3 Forecasts have been informed by Oxford Economics national and regional forecasts published in a House of Commons Briefing Paper in December 2020, which suggest:
- GVA would decline by 11.4% in 2020 across the country, and fall by 12.2% in the North East; and
  - between 2019 and 2030 the average compound annual growth rate (CAGR) will be 1.1% nationally and 0.6% in the North East (House of Commons Briefing Paper: Regional and Country Economic Indicators, December 2020, Oxford Economics).
- 10.4 National GVA forecasts for 2021 have been informed by the *HM Treasury Forecasts for the UK economy: a comparison of independent forecasts* published in January 2021 which reviews 20 new forecasts from a range of sources. This suggests GDP growth of 4.4% in the UK in 2021. A Monetary Policy Report by the Bank of England published in November 2020 has been used to inform national GVA forecasts for 2022 and 2023.
- 10.5 Where regional forecasts have not been available for the years 2021, 2022 and 2023, 86% of national annual growth rate has been applied following the CAGR trend in the North East compared to England between 2000 and 2018.
- 10.6 Between 2024 and 2030, an average growth rate has been applied so that between 2019 and 2030 the CAGR is in line with Oxford Economics forecasts for the North East and nationally for that period (CAGR of 0.6% and 1.1% respectively) (Ibid).
- 10.7 Using these forecasts suggests the levels of GVA in the North East and County Durham will not recover to pre-COVID-19 levels until 2027, while the country as whole will make a faster recovery with GVA above 2019 levels by 2025.

## GVA per Capita

- 10.8 If GVA in County Durham had grown at the national rate since 2010 and continues to grow at this level in the future, GVA per capita would be at the regional level by 2030. Although the gap between the national GVA per head would still be greater than it was in 2010, suggesting a greater up-lift in GVA is needed to move toward this level.

## Summary

- 10.9 The economic forecasts are likely to be revised as the national lockdown ends and the speed of economic recovery becomes clearer. The forecasts are typical in that the North East and County Durham lag behind the national recovery, although such an outcome is not inevitable. In particular, the success of the county in securing new inward investment and supporting businesses to recover and grow will have a major impact on the recovery trajectory for County Durham.

# 11 Recommendations and Investment Priorities

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## Rebuilding a Powerful Economy

- 11.1 County Durham faced the challenge of rebuilding its economy after many years of job losses in coal mining and steel making. The scale of job losses, taking out full time and well-paid employment, affected every community. Since 2000, County Durham has rebuilt and transformed its economy, and the resilience of its manufacturing base has ensured that it continues as an important industrial economy, even as it builds a strong service base.
- 11.2 While the scale of unemployment is well below the peak numbers seen in earlier decades and the employment rate has been increasing, many communities continue to be affected by low household incomes and health inequalities.
- 11.3 The successes of the past 5 years, including the arrival of new inward investors such as Hitachi Rail and Amazon, are now being affected by two new challenges - the COVID-19 pandemic and the UK's departure from the European Union.
- 11.4 The full effect of both factors is likely to result in an immediate increase in unemployment and more challenging conditions for many businesses in both the service and industrial economy.
- 11.5 The immediate challenges are compounded by the long term (20 year) population forecasts, which suggest that County Durham will experience a fall of some 7,000 people in its working age population and an increase of 35,000 in its older population. The outcome of this demographic change will lead to a reduction in local spending power, further undermining the viability of local centres across the county. This is in addition to the challenges for the health and care sector to provide support for a much larger elderly population.
- 11.6 Many of the successful changes to the economy in the past 20 years were shaped by important investment in infrastructure, industrial and commercial property, business support, skills training and inward investment sponsored by the County Council and supported by a range of regional and national funds. This scale of investment is now required over the next ten years to help the county respond to both the immediate and medium-term challenges and restore the economic momentum which resulted in new investment and employment.

## Developing the Pipeline for New Investment

- 11.7 Durham is part of the North East Combined Authority (NECA), along with Gateshead Metropolitan Borough Council (MBC), South Tyneside MBC and Sunderland City. NECA does not yet have access to devolved powers and funding, unlike the North of Tyne Combined Authority area and Tees Valley Combined Authority. Since 2015 the Council has been involved in discussions about the possibility of a North East devolution deal that would provide a long-term investment fund and devolve powers to help drive economic growth in the region.
- 11.8 The North East Local Authority 7 have put proposals to Government to provide significant additional resources to support the economic recovery over the next five years. These proposals are in addition to the support provided by a number of new funds.
- 11.9 The selection of suitable projects will be influenced by the final guidance for new funds and it is important that the county is prepared to act quickly, working with local partners, with processes to ensure only high-quality prioritised propositions are put forward. In anticipation of future opportunities officers are developing a pipeline of projects that fit within a long-term economic strategy and would benefit for support from regional and national opportunities including devolution, LUF and the shared prosperity fund.
- 11.10 The potential new funds include:
  - Devolution
  - Regional COVID-19 Recovery Asks
  - Shared Prosperity Fund
  - LUF
  - Community Renewal Fund

- 11.11 In addition the Government's recently published *Build Back Better: our plan for growth* sets out plans for high quality infrastructure linked to productivity growth; technical and basic adult skills priorities; and maximising innovation linked to transforming ideas into new products and services, all of which are relevant to opportunities for the county. In addition, some of the Grand Challenges set out in the UK Industrial Strategy, notably ageing society and clean growth, are directly relevant to the county.
- 11.12 External funders are increasingly using the 5 stage Business Case model outlined in the UK Treasury's Green Book. A recent review has concluded that the major weakness in project submissions has been underdeveloped strategic cases, the first stage of the Business Case. The accompanying refresh of the Green Book introduced a place dimension, while reinforcing a Benefit to Cost Ratio metric to determine value for money. The calculation of benefits has become very technical and many projects struggle to justify a good BCR score.
- 11.13 The county council would benefit considerably from investing time in staff training and identifying a member of staff to act as a Green Book expert and support other organisations.
- 11.14 The workload of the county council's Economic Development function is likely to increase markedly through 2021 and 2022. Dealing with the consequences of the pandemic and the unfolding outcome of Brexit will be accompanied by the introduction of major new funds, with a Government preference for competitive bidding and an onerous business case and appraisal process.
- 11.15 The county has the opportunity to secure significant new investment although considerable staff resources are needed to submit convincing proposals, respond to external appraisers and subsequently agree contract conditions.

## The Twin Challenge: Productivity and Jobs

- 11.16 One of the challenges facing County Durham is the level of productivity of the workforce, with productivity the key determinant of wages and, ultimately, household incomes.
- 11.17 The key measures of productivity suggest County Durham underperforms compared to the national average. GVA per hour worked is 84% of the England average while GVA per job is 81% of the England average and GVA per FTE is 82% of the England average.
- 11.18 There are four criteria which influence productivity:
- The skills and health of the workforce;
  - The capital investment and technology which support business and workforce activity;
  - The products and services which the workforce provide; and
  - The market for goods and services provided – local, regional, national and international.
- 11.19 While companies such as Hitachi Rail and GSK demonstrate that County Durham can provide a productive workforce to match the best in the country, there are too few companies using the latest technologies and producing high value products in national and international markets.
- 11.20 While inward investment could help boost productivity, and increase the proportion of jobs in high productivity sectors, there is a need to work across all sectors – industrial and services – to help County Durham out-produce their competitors and increase efficiency to maintain competitiveness.
- 11.21 At the same time as improving the competitiveness and productivity of the current business base and workforce, a significant number of jobs will be impacted by robotics, automation and digitisation, making a number of intermediate skilled jobs redundant. Providing new employment at the intermediate skills levels, in sectors such as distribution and logistics will be important in maintaining employment levels, a challenge now exacerbated by the pandemic.
- 11.22 An underlying factor for the County Durham economy is the need to strengthen the private sector. The county has a large public sector employment base, although this primarily reflects the large population. It has, however, too small a private sector, partly a legacy of an industrial economy that was driven by nationalised industries, rather than the private sector.
- 11.23 In order to provide replacement jobs for a changing economy, maintain current employment rates and increase productivity and household incomes, County Durham needs to focus on its strengths, assets and growth sectors, with the potential to deliver more and better jobs.

11.24 These are:

- Advanced Manufacturing and Engineering
- Logistics and Distribution
- Digital Industries and Business Services
- Tourism
- Health Economy

11.25 These sectors can deliver the range of occupations needed to provide opportunities for all parts of the workforce.

### **Advanced Manufacturing and Engineering**

- 11.26 The Durham economy has a large manufacturing sector and a number of major world leading companies established in the county. There is a diverse range of sectors including a number where there is both a strong presence and growth potential.
- 11.27 While some companies will increase their competitiveness through digitisation, robotics and automation, reducing the workforce, there is the opportunity to offset these losses through some of the strongest sub-sectors most able to take up new opportunities in growth markets in the green economy, clean energy and long term activities to reach zero carbon and meet climate change objectives.
- 11.28 In addition, the county remains a competitive location for inward investment, and the prospects for securing new industrial investment and significant numbers of new jobs are very positive. The county offers a range of locations that are attractive to industrial companies, including small and medium sized companies requiring affordable premises. There is an opportunity to develop a major, regionally significant and high-quality industrial park to successfully compete for the major inward investment opportunities.
- 11.29 While the pandemic has had a limited effect on the advanced manufacturing sector, Brexit is likely to impact on those companies which are part of European supply chains and the recruitment of high skilled international migrants. Conversely, over the next five years, new trading arrangements could result in new opportunities. However, the most recent forecasts suggest that leaving the EU will result in a 1%-2% reduction in the national economy.

### **Logistics and Distribution**

- 11.30 County Durham is a competitive location for logistics and distribution. There are now 8,500 jobs in the transportation and storage sector, an increase of 1,500 since 2015. The growth reflects a range of factors which have transformed the logistics sector, including the distribution of imports and home deliveries from the major supermarkets and the likes of Amazon. The increase in internet shopping and commitments to timely home deliveries has increased the regional super hubs for the leading companies. While many logistics related jobs are at the intermediate skills level, a significant proportion are technical jobs, and supervisory and managerial roles.
- 11.31 County Durham benefits from its strategic road network and its location between north and south, as well as providing easy access to the North East and Tees Valley ports and markets.
- 11.32 As with the industrial premises offer, the county offers a range of locations, attractive to small and medium sized distribution and transport companies requiring affordable premises. There is also an opportunity to develop a major, regionally significant and high quality logistics park, offering regionally significant capacity to accommodate a number of company super hubs at the top of the supply chain, to successfully compete for the major logistics investment opportunities.

### **Digital Industries and Business Services**

- 11.33 Digital industries and business services have been major drivers of employment growth in the UK for many years. The county has benefitted from increases in employment, although these sectors favour major urban locations such as Leeds, Manchester and Birmingham.
- 11.34 The move towards digital applications is driving growth in every sector of the economy, including manufacturing, retail, logistics, professional services and health. The pandemic has further highlighted the importance of the digital economy.

- 11.35 The GVA per FTE figures for ICT in County Durham is very low which suggests that the area does not have sufficient numbers in higher value added sub-sectors.
- 11.36 From a County Durham perspective, embedding digital skills in the education and training system is an important priority for making the future workforce employment ready. There is a further opportunity to prioritise support for new and micro digital businesses to take advantage of the range of product and market opportunities.
- 11.37 Major cities have benefitted from a combination of apartment living for younger workers, the attraction of an urban lifestyle, and a supporting eco-system to drive new opportunities. There is an opportunity to review the current City of Durham offer and identify new proposals which could provide a competitive alternative to the large cities, particularly as households re-evaluate their housing and location priorities as a result of the pandemic.

## Tourism and Leisure

- 11.38 County Durham has a growing tourism and leisure sector based on major heritage assets and an outstanding natural environment. The City of Durham with its world-renowned Cathedral is a must visit centre along with York and Edinburgh, while new investment in Bishop Auckland has further strengthened the historical tourism offer.
- 11.39 The sector has been badly affected by the pandemic, with bars, cafés and restaurants forced to close for long periods and accommodation providers severely affected by travel restrictions. While the sector is forecast to rebound strongly in 2022, and possibly the second half of 2021, there will be significant job losses and company closures in the short term.
- 11.40 In the medium term, further growth in tourism and leisure will be based on quality, with further investment in accommodation, restaurants and cafés likely needed to support increased visitor numbers and expenditure. There is an opportunity for towns such as Barnard Castle and Bishop Auckland to increase visitor numbers.
- 11.41 Further investment in culture and heritage assets and the natural environment should be a priority for further strengthening the county's offer for extended breaks to maximise leisure expenditure. Consideration should be given to developing a pipeline of proposals for cultural and natural environment projects.

## Health and Care Economy

- 11.42 The health economy provides a substantial employment base in the county and with an increasing number of elderly residents, health and care will continue to play an important role in both local economic potential and community health and wellbeing.
- 11.43 The NHS continues to face recruitment challenges for many occupations and the care sector also struggles to recruit personnel. Brexit is expected to make the UK less attractive as a place to work for skilled international labour and there is both a need and opportunity to increase local recruitment at both intermediate and higher skilled occupations.
- 11.44 As the integration of health and care services accelerates, new job opportunities will open, and the combined workforce will face both recruitment and staff retention issues.
- 11.45 The impact of health inequalities in terms of both communities and workforce productivity is now a national policy priority and increasing funds are being channelled towards health innovation in areas such as diagnostics, med tech, digital health applications and mental health. These new approaches are in addition to public health initiatives in areas such as smoking cessation and healthy eating in response to obesity.
- 11.46 COVID-19 has led to a number of new challenges, notably a need to address mental health issues amongst young people, including school students and within the wider workforce, with many employers now focused on the wellbeing of their workforce.
- 11.47 The county should develop its role in the health supply chain, considering the potential for a health campus and the further development of technical equipment and digital opportunities to benefit existing County Durham companies and support new inward investment opportunities.
- 11.48 There would be merit in the county developing a strategic economic framework for the health and care economy focused on workforce needs and development, linking opportunities to young people in schools and colleges, business start-up and supply chain opportunities and developing the anchor institution's role.

## Start Ups

- 11.49 County Durham has a consistently good track record in generating new business starts each year. While inevitably many of these will not survive the opening years, others will go on to provide jobs for some time, with a small number growing quickly and employing 20-30 people.
- 11.50 The need to provide more jobs in the economy means that new starts have an important role to play over the next ten years, with a combination of one and two person businesses and increasing numbers in digital and leisure adding directly to the business base.
- 11.51 In the light of the economic impact of the pandemic, there is likely to be an increase in new starts in 2021 and 2022 as individuals seek new routes to employment or re-launch businesses closed by the national lockdowns.

## Place, Investment and Employment

- 11.52 Connectivity is central to the economic competitiveness of the county economy and the strong link between transport and improved productivity requires a rolling programme of transport investment.
- 11.53 The North Durham Economic Corridors enhancements on the A693, A691, A167 and A692 corridors is central to facilitating economic growth at key employment and housing sites in the north of the county, as well as improving journey times and reliability towards Durham and Tyneside. Investment in rail lines/stations as well as smaller local transport schemes are needed to open up more opportunities across the geography.
- 11.54 Durham City is a key employment centre, with the largest office market and home to significant public sector occupiers, including the county council, Passport Office, Land Registry, Northumbrian Water, Durham and Darlington PCT and Durham University.
- 11.55 The city is constrained by a lack of available sites which limits private sector commercial investment and limited high-quality office space in and around Durham City is a constraint to growth in business and professional services. The train station is located close to the city centre but the topography provides a poor route to the centre and no commercial development close to the station has been undertaken to provide the offices and hotels which major railway stations typically support.
- 11.56 Although complex, increasing the supply of modern office space close to the station can be an important element of increasing the business service and digital industries business space which is a key feature of strong urban economies. Aykley Heads, a partnership with Durham University linking research and development with the digitally enabled business sector creating more and better jobs in County Durham with fintech specialisms, and Milburngate schemes will help to address this requirement.
- 11.57 The A1 Corridor (including sites around Durham City) is the county's principal industrial location, containing a number of major employment locations including:
- Aycliffe Industrial Estate, Newton Aycliffe – A 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees, which is home to Hitachi Rail, Gestamp Tallent, 3M, Inovyn and Husqvarna among others. The arrival of Hitachi Rail has supported large scale job creation and helps to position Durham as a key location for inward investment in advanced manufacturing. There is potential for further expansion of the Estate.
  - NETPark, Sedgefield – In South East Durham is one of the UK's premier science, engineering and technology parks, home to several high-tech companies and home to two National Catapult Centres – The High Value Manufacturing Catapult, managed by CPI, and North East Centre of Excellence for Satellite Applications. NETPark Central is a new proposal for an iconic building at new entrance gateway providing incubation and office space including an amenity hub and to provide physical location for North East Space Hub.
- 11.58 Within the A1 corridor, Phase 1 of Integra 61, Bowburn, has recently been completed. The £300 million mixed use employment development will provide a total of three million square foot of industrial and logistics space, 300 new homes and 50,000 square foot of roadside opportunities, including a family pub/restaurant, hotel, drive-thrus, trade counter units, car showrooms, a care home and a nursery. Amazon has located its second robotics fulfilment centre in the north east at the site, one of the largest distribution centres in the UK, creating around 1,000 jobs.
- 11.59 The A19 Corridor in the east of the county is also a key employment location. The A19 Corridor has experienced significant development over the past two decades, although there now exists an oversupply of larger office space with limited demand, in part due to lack of public transport hubs. The A19 historically has

been a key industrial location with estates such as Peterlee North West and South West. Peterlee is home to several major national and international manufacturers, including Caterpillar and TRW.

- 11.60 The JADE Business Park, Seaham, located within a designated Enterprise Zone. Phase 1, has delivered 155,000 square foot for distribution, technology and advanced manufacturing businesses, and is strategically located for businesses involved in the automotive construction supply chain, sitting within the catchment area for Nissan supply chain companies. Phase 2 has the capacity to deliver a further 400,000 square foot.
- 11.61 While the two Corridors and other towns allow the county to offer a range of locations, attractive to industrial companies, including small and medium sized companies requiring affordable premises, a large proportion of industrial space is no longer fit for purpose, contributing to high vacancy rates in certain size bandings including in locations such as Consett, Peterlee and Newton Aycliffe.
- 11.62 There is the potential for Industrial Property Development Fund to provide gap funding for public and private industrial new build across the county including sites at Drum and Stella Gill (Chester le Street), Jade (Murton), South Church (Bishop Auckland) and Merchant Park (Newton Aycliffe) .
- 11.63 There are also two major opportunities to significantly improve the quality of industrial premises in the county. These involve building on strong locations to develop:
- A major, regionally significant and high-quality industrial park to successfully compete for the major inward investment opportunities.
  - A major, regionally significant and high-quality logistics park, offering regionally significant capacity to accommodate a number of company super hubs at the top of the supply chain, to successfully compete for the major logistic investment opportunities.
- 11.64 It is equally important to continue to modernise both office and industrial space across the county to provide business space which meets the demand of changing work practices in locations where companies are keen to locate, including the many smaller businesses which make a valuable contribution to the county's economy.
- 11.65 County Durham needs to modernise its major business locations to compete successfully with its neighbours in terms of industrial and office space. New investment is needed to deliver more and better jobs, improve productivity and increase its Business Rates income as a means of generating funds for re-investment in economic development across the county.

## Rural Communities and Economy

- 11.66 In relation to rural communities, actions centred on new and affordable housing, business and tourism support and town centre renewal need to be underpinned by digital connectivity, working with the private sector to bring cutting edge broadband services to rural parts of the county to enable more people to work and access services from home.
- 11.67 Improved broadband to rural communities will underpin efforts to increase working from home, support new business starts up and help diversify the rural economy. It will also strengthen the visitor and leisure economy. The government has announced the first stages of its plans to get ultra-fast broadband to the majority of homes in the UK and the first to benefit will be homes and businesses in Cambridgeshire, Cornwall, Cumbria, Dorset, Durham, Essex, Northumberland, South Tyneside and Tees Valley. A former voucher scheme is also being relaunched to provide more immediate help to those struggling with poor broadband coverage, with up to £210 million being made available.
- 11.68 Other important considerations for rural communities will be the strengthening public transport services and health as well as other public e-services which will help reduce rural isolation. Further improvements to village and town centres will play an important part in strengthening the vitality of rural centres.

## Skills, Learning and Communities

- 11.69 The proportion of the working age population skilled to Level 2 and above in County Durham (75.3%) is above the North East as a whole (73.5%) and marginally below the England wide average (75.7%).
- 11.70 While this is a very positive profile, those outside this group will find it increasingly difficult to find permanent, secure jobs paying above the minimum wage, as the structure of employment and employer demands change.
- 11.71 The county also has a significant proportion of its workforce in occupations at Levels 2/3 across both office

based and industrial sectors, where jobs will be lost due to digitisation and automation. There is likely to be a persistent demand for updating and refreshing skills to support people to move into new employment.

- 11.72 The proportion of the population with a degree or a higher degree (Level 4+) in County Durham is 31.6%, considerably below the national average (40.0%), and marginally below the North East average (31.9%). This proportion is likely to change as new employment opportunities in growth sectors change overall demand. The 2019 Labour Market Information (LMI) toolkit analysis for the North East, reported demand for workers with higher level qualifications (Level 3 and 4) and apprenticeships, while demand for workers with no and lower level qualifications is expected to continue to fall, in line with national trends.
- 11.73 While County Durham is well placed to provide the workforce needed to support its employment ambitions, there are three major skills challenges:
- Improving the proficiency of the least well qualified cohort to increase their employability and work readiness and addressing barriers to moving into employment.
  - Assisting those in vulnerable occupations to update their skills and move into new sectors and occupations.
  - Addressing skills shortages and recruitment challenges in sectors such as manufacturing, construction and health.
- 11.74 The county has a strong training and further education sector and an excellent track record in apprenticeships. It is well placed to address skills challenges, although significant Government support will be required to put in place medium term programmes not dependent on annual or intermittent funding.
- 11.75 There is an immediate need to provide training and job search support to respond to the considerable job losses arising from the pandemic, as well as the reduced opportunities from companies and organisations changing or postponing recruitment plans. The scale of the challenge will fully emerge throughout 2021 as Government job support measures end.
- 11.76 Given the increasing numbers of young unemployed and the likely reduction in employer recruitment there is a need for a range of interventions to support young people gain skills and take opportunities presented by economic growth. Potential projects include establishment of employment/youth hubs in areas of high unemployment, communicating information on support available across the provider base in the county and enhanced marketing and communication of support available through DurhamWorks, DurhamAdvance, L!NKCD (mentoring programme for 18+ County Durham residents with complex barriers into work), National Careers Service and Reaching Out Across Durham (ROAD).
- 11.77 It will be important to increase adult employment support services providing wrap around support and progression opportunities for residents 25+ and, if possible, increasing the adult education budget within a localised commissioning framework to better supporting the training needs of residents.

## Schools

- 11.78 The DfE implemented Attainment 8 and Progress 8 measures in 2017, creating a new secondary school accountability system. DfE data reveals County Durham's educational attainment is above the national average.
- 11.79 Ofsted scores for 2019/2020 reveal that most of County Durham's primary schools are either outstanding or good (89%), comparable to 88% nationally, with 10% requiring improvement. A higher share of schools in County Durham are outstanding (22%), than across the region as a whole (16%) or nationally (20%).
- 11.80 Outstanding primary schools and high performing secondary schools are an important feature in persuading families to move into the county, potentially reducing in-commuting and attracting high skilled staff to take up employment opportunities.
- 11.81 Schools in County Durham continue to improve attainment at all levels and provide older pupils with better information, advice and guidance to make the transition to further education or employment. There are three challenges which schools in County Durham now face:
- Ensuring that pupils in receipt of free school meals match the performance of their wider peer group in terms of educational outcomes and progression.
  - Assisting pupils in areas of very high multiple deprivation.
  - Addressing the new challenge facing all the school population because of the pandemic and the educational loss from the unprecedented disruption to school education.

- 11.82 DfE research has shown that poor educational performance directly impacts on lifetime earnings and the pandemic risks damaging a generation of young people.
- 11.83 Resources are likely to be made available to allow pupils to catch up and a significant proportion of these need to be targeted on the most disadvantaged pupils from low income households, who are likely to have fallen further behind.
- 11.84 The disruption to schools and the educational consequences are likely to take several years to address.

## Communities and Towns

- 11.85 The IMD is the most commonly used measure of deprivation. IMD covers the following seven domains: income deprivation; employment deprivation; health deprivation and disability; education skills and training deprivation; barriers to housing and services; living environment deprivation; and crime.
- 11.86 In 2019, County Durham ranked 62nd out of the 317 local authorities in England. Lower Super Output Area (LSOA) data shows that 12% of LSOAs are in the 10% most deprived in England, compared to 20.1% across the North East as a whole, while exactly a third of LSOAs are in the most deprived 20% across the country.
- 11.87 There are hotspots of deprivation in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.
- 11.88 While County Durham does not have the scale of deprivation seen in the major cities and conurbations across the country, particularly in the North of England, it does perform relatively poorly in the health deprivation and disability and employment domains – ranked 32nd and 35th most deprived respectively – with around a quarter of LSOAs in the most 10% deprived for both domains.
- 11.89 There is a strong link between health inequalities and high rates of economic inactivity, as well as unemployment and low GVA per head. There is an increased focus on the early identification and better management of cancer, cardiovascular and respiratory conditions and increasing efforts to reduce obesity and diabetes. Other innovations are assisting people to manage conditions more effectively.
- 11.90 It is also important to seek to address wider determinants of health, including income, educational attainment and access to employment, in order to address long standing health inequalities. New approaches need to be supported by continuing investment in long term public health initiatives including healthy eating, active lifestyle and smoking cessation.
- 11.91 While County Durham needs to continue to provide a range of targeted initiatives regarding housing, training and employment, the prioritisation of reducing health inequalities could have a major influence on reducing multiple deprivation in many communities.
- 11.92 Housing development has an important role to play in local regeneration, including the renaissance of smaller towns centres and rural areas. There is a need to deliver more affordable homes, specifically using brownfield land and also including a rural programme and introduce new support to bring forward brownfield sites.
- 11.93 While there is a continuing challenge of regenerating many town centres across the county there is an opportunity to widen local regeneration plans through the more flexible range of complementary initiatives now available through the LUF and the Community Renewal Fund.
- 11.94 Given the importance and scale of the housing challenge a more substantive Strategic Housing Growth is required to take forward the high quality housing within the development of the Durham Economic Growth Corridor.

## Maximising Local Opportunities – The Role of Anchor Institutions

- 11.95 The three anchor institutions – Durham County Council, the Durham and Darlington NHS Trust and Durham University – are the three largest employers, each rooted in the county. In addition to the large workforce, each has an extensive supply chain, increasing their economic role in the wider economy.
- 11.96 As well as providing important services to the community, the council and trust are central to community wellbeing, and both have an important role to play in reducing social and health inequalities.
- 11.97 The University – a leading UK centre of excellence in higher education – already supports a number of research and commercial activities which link the county to the UK Industrial Strategy, as well as providing thousands of new graduates and postgraduates each year.

- 11.98 The county council is a very large employer and the provider of a number of key services. Each year it indirectly supports a large number of local companies through its supply chain expenditure. The council is one of the largest Local Authorities in England and although under considerable financial pressure, its work on social value provides a sound platform for further actions to link local businesses and residents to opportunities.
- 11.99 There is an opportunity for the three anchor institutions to collectively review their role in the economy, with the potential to leverage more benefits for residents and businesses, provide supported employment places for residents in areas of high deprivation and provide a new range of actions to support young people.
- 11.100 This review could usefully tap into the university's postgraduate capacity to examine best practice and new initiatives from across the UK to build the evidence base for a new approach.
- 11.101 All three anchor institutions already invest in social value and actively collaborate at a senior and operational level. There is a need and opportunity to move to a new level and present County Durham as an exemplar location in this field.
- 11.102 In addition to developing the role of the major anchor institutions, there are several other public sector organisations with the potential to contribute to social value activities. While many are less resourced, providing support to these organisations to develop local initiatives, possibly in collaboration, would provide additional opportunities.
- 11.103 There is now a growing commitment in the private sector to increase their corporate social responsibility actions, and again this presents another opportunity for the county to increase social value activities.

## Delivering New Investment and Jobs

- 11.104 County Durham needs significant external public sector funding to meet its objectives of increasing employment and employability to fully contribute to the National Industrial Strategy and the levelling up agenda set out by Government.
- 11.105 It also needs to ensure that Government funding aimed at reducing unemployment, increasing participation, and tackling poverty are delivered in a way which meet the needs of County Durham residents and communities. This also applies to all Government support being provided to businesses, schools, training institutions and workers to respond to the pandemic.
- 11.106 The current Government approach to economic development and levelling up involves either national competitions (with winners and losers) or a time-consuming process to agree "deals", with final funding uncertain and detailed negotiations to conclude contractual arrangements.
- 11.107 More positively, the recent Green Book Review re-stated the Government commitment to the levelling up agenda and introduced an emphasis on understanding the benefits of investment within a place-based theme.
- 11.108 Considerable resources are needed to fully advance the economic development ambitions of the county. This will involve:
- Working with regional networks and agencies and engaging with Government to influence policy and shape additional delivery plans across a range of departments.
  - Developing credible propositions with other county organisations and agencies and the private sector to produce compelling propositions with regard to residential and commercial development, transport and infrastructure, sectoral and innovation propositions and place based, inclusion and social value initiatives.
  - Developing Green Book compliant business cases in line with the Green Book Review to secure new investment.
- 11.109 While there is uncertainty over how new funds will be made available, the county needs to progress development work in advance of formal funding announcements to allow a pipeline of proposals to be ready.
- 11.110 Specific to the county council, there is an imperative for the county to successfully compete for new external funding over the next five years to meet its economic objectives and this will require both staff and resources to deliver the scale of new investment needed to attract the scale and nature of private sector investment required to create new and better jobs and increase productivity.

## Areas for Further Exploration

11.111 There are a number of areas where the county would benefit from new research and exploration. These are:

- New responses to addressing poverty and areas of multiple deprivation
- Local opportunities in the move to clean energy and zero carbon
- New opportunities from changing procurement arrangements
- Business and community led small town centre regeneration

## Two Challenging Years

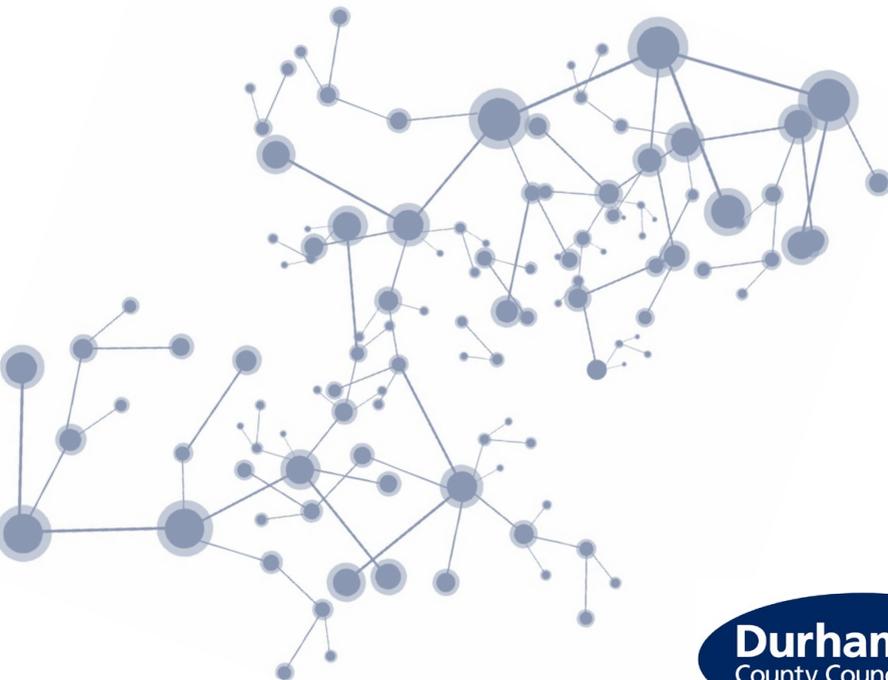
11.112 The next two years are likely to be the most challenging that the economy has faced since the turn of the century. COVID-19 and Brexit are compounding long term trends which are impacting on many sectors.

11.113 Establishing economic momentum will need a range of public and private investment in the early recovery period. The county offers multiple opportunities and these need to be pursued alongside increased activity to support residents to improve their employment prospects. The County Durham economy needs to recover quickly or any downturn may turn out to be permanent.

11.114 While the county faces a number of challenges – the impact of automation and digitisation, the costs of supporting an ageing population, the move to a low carbon economy – each challenge also creates new economic and employment opportunities, emphasising the need for a pro-active and innovative policy approach by leading stakeholders.

# Rebuilding A Powerful Economy

## County Durham Economic Statement



# Purpose

Over the coming months we will develop a new Economic Strategy – this statement sets out some headline economic strengths and challenges and a direction for discussion with partners and stakeholders across County Durham. This statement and the development of the strategy will help us to:

- Balance economic growth with the need to reduce carbon emissions and improve socio-economic sustainability.
- Define priorities for growth and recovery from COVID-19.
- Take advantage of the opportunities emerging from Brexit.
- Align with the County Durham Vision 2035, which sets the ambition of generating more and better jobs across the county by:
  - Delivering a range of accessible employment sites.
  - Having a strong, competitive economy and being a premier place to do business.
  - Broadening the experience for residents and visitors to the county.
  - Ensuring young people have access to good quality education, training, and employment.
  - Helping people into rewarding work.
  - Ensuring fewer people are affected by poverty and deprivation.

# Economic Performance

Economy

**£9 billion**

Students

**18,800**

Workers

**254,000**

Jobs

**174,000**

Average Wages

**30,100**

Self-Employed

**30,100**

Residents

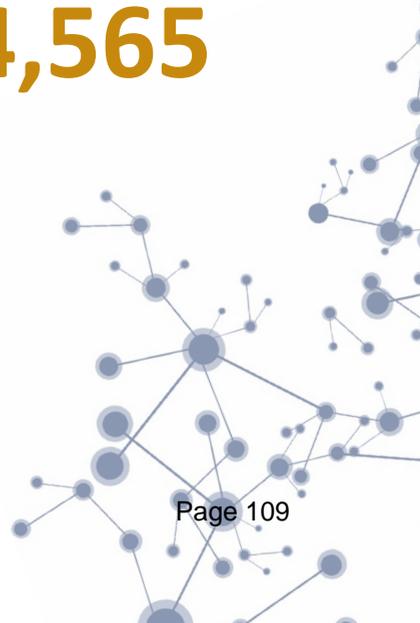
**533,100**

Businesses

**14,565**

Highly Skilled Workers

**101,800**

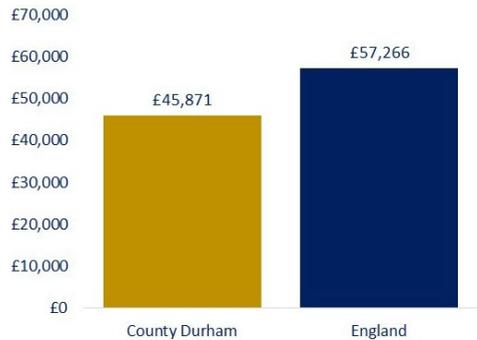


## Gross Value Added Per Filled Job

The Gross Value Added (GVA) of our economy has grown by £2.6 billion over the last fifteen years to £9 billion, which is a 44% rate of growth but significantly below the national rate of 64%. National growth has been driven by the business services sector, which is weaker in County Durham. The overall gap between the county's performance and national performance is growing.

At £16,925 our GVA per capita is 56% of the national average of £30,239. If we had matched national levels of growth in the last fifteen years, it would be around 10% higher at around £18,400. It is vital that we attempt to close the gap with national performance in order to improve local wages and quality of life.

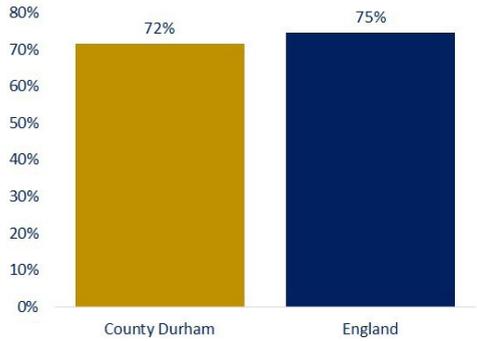
GVA per capita includes the whole population such as children and retired people and is a measure of prosperity. In contrast, GVA per filled job reflects the productivity of the workforce and is a measure where the county's performance is closer to the national average. Using this measure the county's GVA is almost £46,000 per job compared to a national average of more than £57,000. Although County Durham's performance around 80% of the national average, the businesses, sectors, and opportunities in the county could help to close this gap.



Our overall ambition is to support the creation of more and better jobs across the county, and it is proposed that our high level target is to bridge the gap with national performance across the following key measures. This ambition and these measures will be considered during the development of the Inclusive Economic Strategy and as evidence of the economic impacts of COVID-19 and Brexit become clearer.

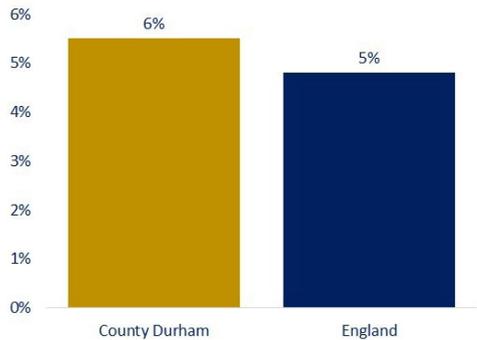
## Employment

County Durham's employment rate is typically 2 to 3 percentage points below the national average and a little above the regional average. Over the last 3-5 years the employment rate has averaged around 72%.



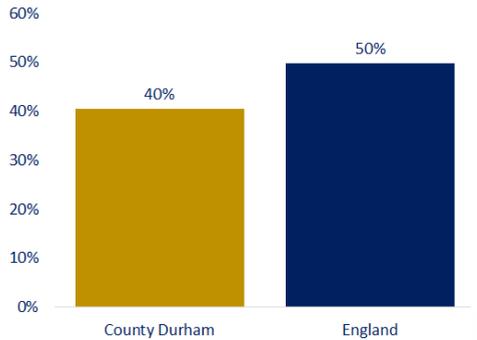
## Unemployment

County Durham's unemployment rate is typically around one percentage point higher than the national rate but around 0.5 percentage points lower than the regional rate. Over the last 3-5 years the rate has averaged around 5.5% but tends to fluctuate.



## Higher Level Skills

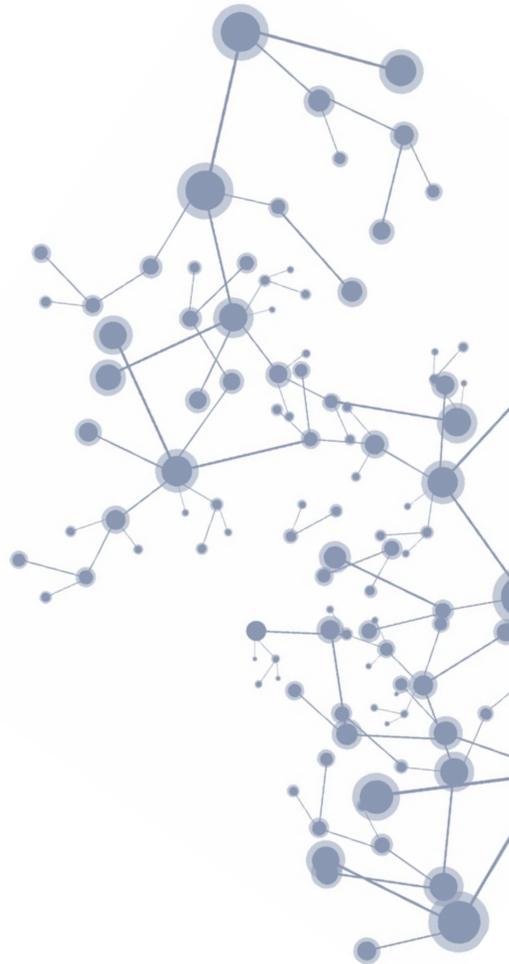
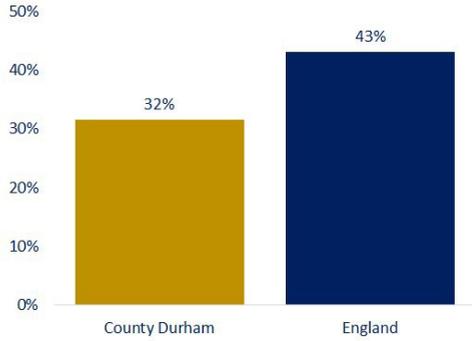
County Durham has a far lower proportion of residents with higher level skills than the national average. This means that residents have lower wages and less disposable income, are less able to secure higher-level jobs, and are less innovative than the national average. This significantly affects the overall performance of the economy. Furthermore, the gap between the county's performance and national rates is growing.



## Higher Level Occupations

Similar to the county's skills profile, we have a lower proportion of higher level jobs; those requiring a high level of skill, education, and experience. Correspondingly, we also have a high proportion of routine jobs, which are particularly at risk of being automated in the medium to long-term future. Lower-level jobs are also more at risk during economic recessions and downturns and may involve zero hour contracts where work is less secure.

Bridging the performance gap in the employment and unemployment rates will lead to more than 10,000 more residents in work. Supporting residents to achieve higher level skills and occupations will lead to productivity improvements, wage growth, and new business opportunities across the county and more innovation. It will also make the county's economy more stable and more resistant to future economic recessions.

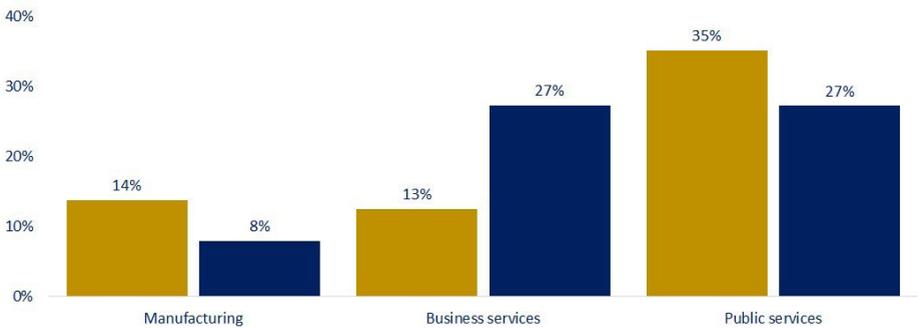


## Employment in Key Business Sectors

We have a range of multinational businesses located throughout the county including Hitachi Rail Europe, Husqvarna, GlaxoSmithKline, Caterpillar, Ineos, Gestamp, Thorn Lighting, and have recently secured a new Amazon Fulfilment Centre.

Our key locational strengths are that we sit between Tyne and Wear and Tees Valley and have good north-south national connectivity with the A1M, A19 and East Coast Mainline running through the county. The demand for land and premises is greatest in these corridors and has seen escalating demand in the last decade or so. We also have numerous businesses that have a growing national and international presence based in the county including Kromek, Elldis, Thomas Swan, GT Group, Atom Bank, Honcho, Great Annual Savings, The Banks Group, The Vardy Group, The Esh Group, Crafters Companion, and many others.

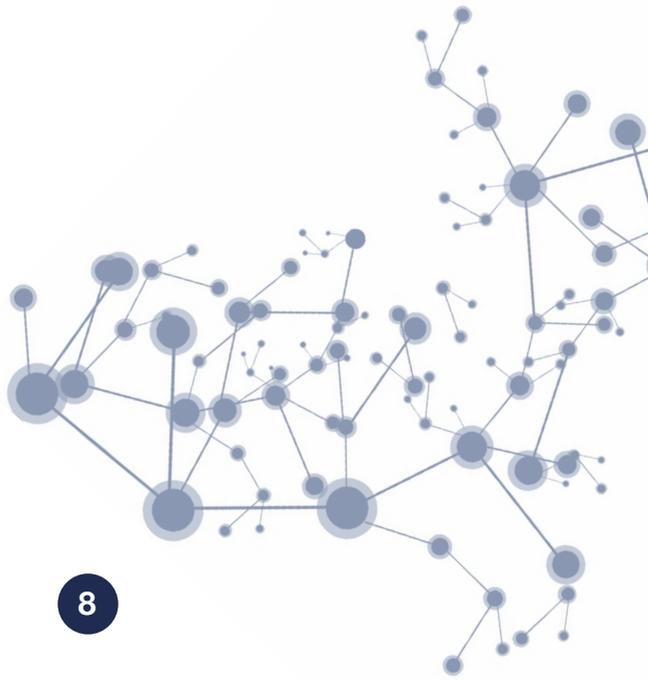
Our business sector profile differentiates us from many parts of the UK, with manufacturing and engineering being a particular strength. The business services sector is under-represented in our economy and has potential for significant growth, with fintech being a niche opportunity. Within the public services we have specific strength in education which will be harnessed to support labour market improvements and economic growth.



## Proposed Priorities

In order to develop this statement and a new Inclusive Economic Strategy we commissioned a high-level economic profile of the county which recommended a range of actions for discussion and agreement. The recommendations were to:

- Rebuild a powerful economy.
- Develop a pipeline of new investment.
- Improve productivity and jobs in key sectors.
- Support start-ups as a route into employment and to expand our business base.
- Enhance connectivity to support places, investments, and employment.
- Support the rural economy with improvements to connectivity and local services.
- Use skills, learning and school services to support people of all ages into work.
- Tackle the multiple determinants of deprivation to support communities and towns.
- Harness the powers of large anchor institutions to maximising local opportunities.
- Compete for external funding to deliver new investment and jobs.



# Proposed Economic Strategy Framework

We have developed a framework to simplify our overall approach to economic growth and demonstrate to stakeholders and investors where and how we expect to drive change. We will test this framework via the development of the Inclusive Economic Strategy.

- 1. People:** Supporting people into education, training, jobs, and to excel in business and their careers.
- 2. Prosperity:** Supporting business innovation, growth, and higher levels of productivity.
- 3. Places:** Developing, evolving, and protecting places and infrastructure so people and businesses can thrive.
- 4. Promotion:** Promotion of the county and our assets to visitors, investors, and developers.
- 5. Partnerships:** Working in partnerships to develop an inclusive, greener economy.



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County Durham  
**Inclusive Economic Strategy**

Economy and Enterprise Overview and Scrutiny Committee  
4 March 2022  
Amy Harhoff



# The Inclusive Economic Strategy will...

- **Balance economic growth with the need to reduce carbon emissions** and improve social and economic sustainability
- **Define priorities for growth** and recovery from Covid-19
- **Enhance and create opportunities** across the county
- **Align with the County Durham Vision 2035**, which sets the ambition of generating more and better jobs across the county

# The Inclusive Economic Strategy will...

- Demonstrate our **levelling-up** needs, opportunities and ambitions
- Support **county deal** negotiations
- Support the development of an Investment Plan for the **UK Shared Prosperity Fund**
  - Replacement for EU funding
  - Devolved budget
  - Guidance due in spring
  - Investment Plan due summer



## 3-Stage Development Process...

✓ **PROCESS AGREED** by Durham County Council Cabinet in December

### 1. Economic Review ✓ **COMPLETED**

Independent evidence base

### 2. Economic Statement ✓ **COMPLETED**

Summary of issues, evidence & structure

### 3. Inclusive Economic Strategy

To be developed based on **Our Big Econ-versation**



# Economic Review

Cabinet agreed that the new Strategy will reflect the evidence in the Economic Review. Some of the findings include:

- The Gross Value Added (GVA) of our economy has grown by £2.6 billion over the last fifteen years to £9 billion, which is a 44% rate of growth but significantly below the national rate of 64%
- At £16,925 our GVA per capita is 56% of the national average of £30,239. If we had matched national levels of growth in the last fifteen years, it would be around 10% higher at around £18,400
- The employment rate is lower than the national average with 73.8% of the working age population in employment, compared to 74.7% nationally, accounting for £105 million of the gap in GVA levels



## Economic Review (cont..)

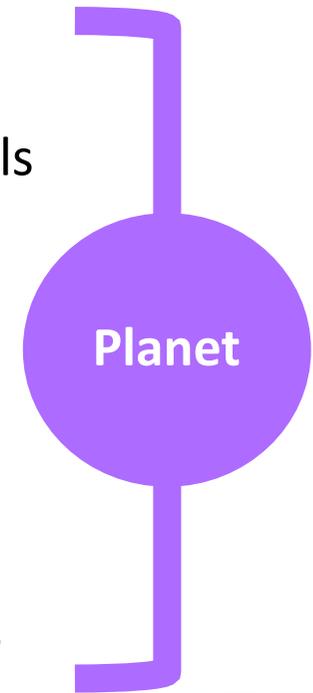
- 89% of County Durham's primary schools are either outstanding or good, comparable to 88% nationally
- County Durham has a far lower proportion of residents with higher level skills (40%) than the national average (50%)
- ONS population estimates suggest there will be an additional 36,850 people aged 65 and over (+33.3%) resident in County Durham by 2039, while there will be 9,400 fewer people across the key working age groups
- 29.5% of those classed as economically inactive are due to long-term health conditions, exceeding the regional (28.8%) and national (23.0%) proportions

## Economic Review (cont..)

- Manufacturing and health are County Durham's most prominent employment sectors, accounting for 13.7% of employment (50,000 people) each;
- Sectors which are under-represented include: professional, scientific and technical professions that account of 4.4% of jobs in County Durham compared to 9.8% nationally;
- 11.7% of the workforce work in caring and leisure roles compared to 8.8% nationally. Similarly, only 8.7% of the workforce are in managerial and senior roles compared to 11.8% nationally

# Proposed Framework...

- People** Supporting people into education, training, jobs, and to excel in business and their careers
- Prosperity** Supporting business innovation, growth, and higher levels of productivity
- Places** Improving places and infrastructure so people and businesses can access opportunities
- Promotion** Promotion of the county and our assets to visitors, investors, and developers
- Partnerships** Working in partnerships to develop an inclusive, greener economy



# Timescales...

**January to 22 April 2022**

**Our Big Econ-versation**

**May to July**

Feedback report setting out what was said and how it has been taken into account. This will then inform the drafting of the Inclusive Economic Strategy

**Summer to Autumn**

Consultation on the draft Strategy

**Late 2022**

Further amends followed by adoption of strategy



Website...

Get involved

Tell us your ideas to make life in County Durham better for you and your community  
31 January - 22 April

# Our Big Econversation



# Media...



# Advertising...



# A few examples of the many events...

- Officers are also organising several bespoke events with businesses including:
- Business Breakfast on 29 March 2022
- Attending the county's Business Networks, the North East England Chamber of Commerce, Registered Providers, Enterprise Agencies and the County Durham Start Up Network, Area Action Partnerships
- Workshops including with the North East Local Enterprise Partnership, Durham University and the NHS Foundation Trusts, Visit County Durham
- Promoting the conversation at meetings hosted by other bodies such as the County Durham thematic partnerships, external organisations and town and parish councils
- Working with the County Durham Together Partnership including distributing a facilitation pack which enables groups to hold their own workshops
- Using some of the principles of co-production, including through asking for volunteers to get involved as part of our over 18 survey



# Feedback so far...

## People

- Poor access to jobs is a common issue, especially for younger people who have been negatively affected (e.g. self-confidence) during the Covid pandemic
- The links between health and social care and various aspects of the economy have been continuously raised
- Self-employment has been overlooked in the past as a means of employment and growth

# Feedback so far...

## Prosperity

- A lack of good career paths and well-paid jobs and the need for businesses and schools to work together to address skills gaps and future needs
- A need for improved business support services, premises, and finance for small businesses
- The need for a long-term focus to address complex economic problems and catch-up with national levels of growth
- The need for more innovation to grow better job and career opportunities



# Feedback so far...

## Places

- Declining town centres and unequal levels of investment across the county
- A large number of vacant buildings in some places and the opportunity to bring them back into use
- Poor public transport services and poor access to the main road networks (e.g. A1M) for businesses in some localities
- Broader issues such as the lack of local leisure services, the need for more affordable homes, and the high levels of antisocial behaviour have also been widely identified

# Feedback so far...

## Promotion

- A need to promote attractions across the county and a perception that only certain places are promoted
- A need for more visitor attractions across the county and promote the distinctiveness of the county
- A need to attract more, better-paid jobs to the county

# Feedback so far...

## Partnerships

- A need for DCC to work with other agencies to tackle localised issues such as crime, anti-social behaviour, access to healthcare and education, and poverty and deprivation.
- Strong support for initiatives that address and reduce the impacts of climate change

# Get Involved...



Website [www.durhamecon-versation.co.uk](http://www.durhamecon-versation.co.uk)

Surveys [General](#) | [Businesses](#) | [Youths](#)

Email [\*\*Econ-versation@durham.gov.uk\*\*](mailto:Econ-versation@durham.gov.uk)

Post **Freepost ECON-VERSATION**

Telephone **03000 260 000**



## A few example questions for discussion...

- How can we increase productivity?
- What are the barriers to accessing, learning, training or jobs?
- What advantages are there for businesses locating in the County?
- What should the role of our town centres be?
- How can we reduce levels of economic inactivity in our workforce?
- How can businesses help to address the causes of climate change?
- What should our priorities for investment be?
- How can we support new start up businesses?
- How can we encourage more professional, scientific and technical professions?

**Economy and Enterprise  
Overview and Scrutiny Committee**

**4 March 2022**

**Quarter Three, 2021/22  
Performance Management Report**



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**Report of Paul Darby, Corporate Director of Resources**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To present an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes.
- 2 The report covers performance in and to the end of quarter three, October to December 2021.

**Performance Reporting**

- 3 The performance report is structured around the three components.
  - (a) High level state of the County indicators to highlight areas of strategic significance. These are structured around the [County Durham Vision 2035](#).
  - (b) Council initiatives of note against the ambitions contained within the vision alongside a fourth 'excellent council' theme contained within our [Council Plan](#)<sup>1</sup>.
  - (c) A long list of key performance indicators against the themes of the Council Plan.
- 4 It also includes an overview of the continuing impact of COVID-19 on council services, our staff, and residents.

**More and Better Jobs**

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<sup>1</sup> approved by full council October 2020

- 5 Latest data (September 2021) shows a static estimated employment rate (71.5%) and a declining claimant count (5.4%). Both are in line with national trends.
- 6 Further analysis shows the highest claimant rate to be in Easington (for both the 16-64 and 18-24 age groups) and across the 30-34 age group (6.4%). If we compare the latest position with that of March 2020 (pre-COVID), we can see that, North Durham and Durham City show the greatest difference across the 16-64 age group, and all areas now have lower rates or have remained static across the 18-24 age group.
- 7 Over the last 12 months, council led strategic employment sites were 95% occupied (NETPark is 100% occupied for the first time), one inward investment was secured during quarter three and more than £13 million of GVA growth created.
- 8 Although our tourism and cultural sector was particularly hard hit by the pandemic, respondents to the latest survey by Visit County Durham are reporting increases in enquiries and bookings – albeit with short booking periods. Lumiere, the biggest outdoor event in the North East since lockdown, attracted an estimated 180,000 visitors over four days in November – a more detailed analysis of its impact will be available in the year-end performance report.
- 9 To mitigate against our economic challenges, we are continuing to move forward with significant investment and regeneration projects which will create new infrastructure, transform our towns and villages, and boost the visitor economy. We also continue to provide assistance to businesses to help them survive the impact of the pandemic and protect their long-term future, and help people into employment.

### **Connected Communities**

- 10 We are investing heavily in our town centres. During quarter three, we completed eight public realm schemes and having developed a suite of new masterplans started the process of gathering our residents views on the proposals. We are also continuing to undertake actions and campaigns which focus on environmental improvements, better quality housing, road safety and water safety.
- 11 Our Selective Licensing Scheme which covers 42% of the private rented sector in County Durham has now been approved in full, and will come into operation on 1 April 2022.

### **The impact of COVID-19**

- 12 The COVID-19 pandemic has caused an unprecedented health emergency across the globe. [Restrictions](#) to contain the virus, minimise deaths and prevent health and social care systems being overwhelmed remain in place, and are continuing to impact our everyday lives, our health, and the economy.
- 13 However, roll-out of the UK's vaccination programme, which has reduced both hospital admissions and deaths, allowed the government to implement plans for a [gradual and phased route out of lockdown](#).
- 14 Working with government organisations and within the context of national developments, we continue to protect our communities, support those affected by the pandemic, and develop plans for future recovery.
- 15 The COVID-19 surveillance dashboard can be accessed [here](#).

### **Risk Management**

- 16 Effective risk management is a vital component of the council's agenda. The council's risk management process sits alongside our change programme and is incorporated into all significant change and improvement projects. The latest report can be found [here](#).

### **Recommendation**

- 17 That Economy and Enterprise Overview and Scrutiny Committee considers the overall position and direction of travel in relation to quarter three performance, the impact of COVID-19 on performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic.

### **Author**

Andy Palmer

Tel: 03000 268551

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable.

### **Finance**

Latest performance information is being used to inform corporate, service and financial planning.

### **Consultation**

Not applicable.

### **Equality and Diversity / Public Sector Equality Duty**

Equality measures are monitored as part of the performance monitoring process.

### **Climate Change**

We have declared a climate change emergency and consider the implications of climate change in our reports and decision-making.

### **Human Rights**

Not applicable.

### **Crime and Disorder**

A number of performance indicators and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

### **Staffing**

Performance against a number of relevant corporate health indicators has been included to monitor staffing issues.

### **Accommodation**

Not applicable.

### **Risk**

Reporting of significant risks and their interaction with performance is integrated into the quarterly performance management report.

### **Procurement**

Not applicable.



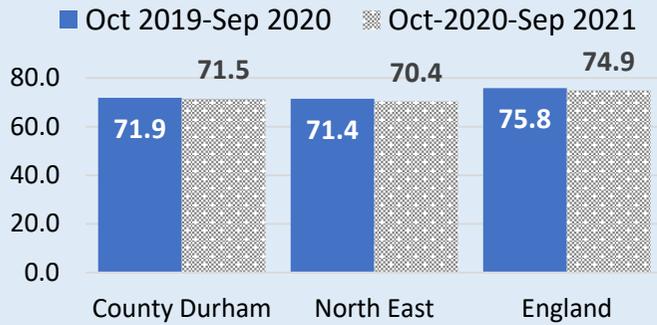
# Durham County Council Performance Management Report

## Quarter Three, 2021/22



# MORE AND BETTER JOBS

## Employment Rate



## Unemployment Rate



## Jobs created/safeguarded by Business Durham (Oct-Dec)



## Support Schemes

Co. Durham

North East

England

Job Retention (furlough)  
(as at 30 September)

4%

4%

4%

Self-employed income support  
(as at 30 September)

35%

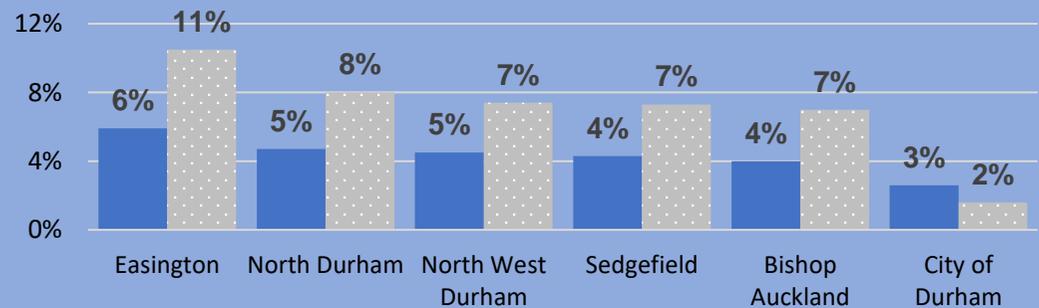
37%

38%

7,600 jobs furloughed

6,900 claims for SEISS

## Claimant Count (as at December 2021)



## More and Better Jobs

- 1 The ambition of More and Better Jobs is linked to the following objectives:
  - (a) Delivery of a range of employment sites across the county;
  - (b) A strong, competitive economy where County Durham is a premier place in the North East to do business;
  - (c) A broader experience for residents and visitors to the county;
  - (d) Helping all people into rewarding work;
  - (e) Fewer people will be affected by poverty and deprivation within the county.

## National, Regional and Local Picture

- 2 Latest data (September 2021) shows the employment rate has remained static, in line with England and regional trends, and is within the confidence level for this data. Although the government removed its support packages (furlough and self-employment income schemes) at the end of September, we have yet to see any impact on the employment rate.
- 3 The unemployment rate fell to 4.5% in the 12 months to September from 6.6% in the previous period. Although the change is outside of the confidence level for this with the national rate but below the regional rate.
- 4 Easington has the highest rate of claimants within both the 16-64 and 18-24 age groups.
- 5 In relation to the 16-64 year olds cohort, all areas are slightly higher than at March 2020 but at a level generally in line with the change seen in the overall county position. North Durham and Durham City are showing the largest difference between the latest position and March 2020, at 0.5pp and 0.4pp respectively and therefore are the furthest away from returning to their pre-COVID position.
- 6 However, in relation to the 18-24 year olds cohort, all areas are showing rates that are lower or in line with the March 2020 position, particularly Bishop Auckland which at 7% is 1.6pp lower than March 2020.
- 7 The age group population with the highest proportion of claimants is the 30-34 year olds at 6.4%, 1pp above the pre-COVID (March 2020) position. Although, it is the 35-39 year old (5.6%) and 40-44 year old (5%) cohorts that shown the largest gap between the latest position and March 2020, 1.1pp and 1.2 pp respectively.
- 8 Nationally there were around 1.2 million vacancies between October and December, a record high and an increase of 462,000 from the pre-pandemic January to March 2020 position. Although vacancies are still increasing, the rate

of growth has fallen over the consecutive past two quarters from its peak of 43.3% in May to July to 11.4% this quarter.

- 9 The eviction ban was completely lifted from 1 October 2021 with all notice periods returning to their pre-pandemic position and landlords able to progress their possession claims through the courts. Court orders can now be enforced by bailiffs unless anyone living in the property has COVID symptoms or is self-isolating. Landlords and tenants are encouraged to resolve disputes without going to court wherever possible.
- 10 Just under half of respondents to the latest COVID impact survey by Visit County Durham reported receiving many enquiries and bookings. Of these, most had a short booking period of less than a month. Therefore, although accommodation forward bookings for October 2021 to February 2022 remain below average, these could increase nearer the time. Just over 40% of respondents reported an increase in national visitors. The most frequently reported challenge was recruitment, closely followed by supply chain issues and the lack of demand. There were also concerns over a further wave of the pandemic in the next six months.

## **Council Services**

### **Delivery of a range of employment sites across the county**

- 11 Due to the revised delivery programme and procurement of a development partner, the completion of soft market testing for Aykley Heads site has been pushed back to December 2022, from April 2022.
- 12 Detailed design work is underway on NETPark Phase 3, with planning application submission expected in February 2022. If approved, works are expected to start on site September 2022 with the first buildings completed from September 2023.
- 13 The construction of the industrial units at Station Place, Merchant Park are progressing well with construction due to be complete by spring 2023.
- 14 Following its inclusion in the Bishop Auckland Stronger Towns Fund, a scheme to develop small industrial units at South Church Enterprise Park is in the early design stage. It is expected the scheme will be submitted for final approval from June 2022.
- 15 Latest data shows an increase in the Business Durham portfolio occupancy rates, with increases at Salvus House, the Durham Dales Centre and NETPark, which is 100% full for the first time. Terms were also agreed to let the final unit at Jade Business Park.

	Business Durham activity		
	Oct-Dec 2021	Compared to last year	
Floor space occupied	95%	+12pp	↑

## A strong competitive economy and premier place to do business

- 16 In December Cabinet approved the Economic Statement which sets out an interim economic position in response to the extensive review of the county's economy undertaken earlier this year. Approval was also given for the go ahead for a three-month conversation aimed at allowing people and businesses to contribute to the development of an Inclusive Economic Strategy.
- 17 One inward investment was secured during quarter three. Bensons Beds announced a new distribution centre at Tursdale employing 24 people to support its expanded retail offer in the North East. Since April, Business Durham have secured 11 inward investments, exceeding the annual target of 10 for 2021/22.
- 18 In addition to the impact of COVID restrictions preventing businesses from engaging in and attending network events, Business Durham's ability to engage businesses has been further impacted by staff shortages and training of newly appointed staff.
- 19 Although there were no businesses intensively assisted by Business Durham, the target for the year was exceeded at the end of quarter two, as a result of the number of businesses that were assisted through the Durham Business Recovery Grant.
- 20 Durham Ambitious Start-ups (DABS) now has 190 businesses and individuals, (115 pre-start clients and 75 newly started SMEs) qualified for and signed up to the programme; 161 more than last quarter.
- 21 The County Durham Growth Fund has awarded a further £1.2 million to support 10 SMEs, bringing the total awarded to date to £6.9 million out of the £8.9 million fund. 219 jobs have been created and private sector contributions have exceeded £9.7 million.
- 22 Finance Durham had a very strong quarter with £1.2 million of investments completing in three businesses. There are also four projects in the pipeline which are expected to complete next quarter. Work is ongoing to re-procure the contract for management of Finance Durham scheme as the first five-year term ends in March 2022.

	Business Durham activity		
	Oct-Dec 2021	Compared to last year	
Inward investments secured	1	-1	↓
Businesses engaged	63	-82	↓
GVA from jobs created or safeguarded (£'million)	£13.6	+£2.9	↑

- 23 During quarter three, 30 businesses were supported as a result of countywide Targeted Business Improvement funding (TBIs), and 59 FTE jobs created. Four businesses were supported through the Towns and Villages Programme and three FTEs created. Additionally, one business was supported via Seaham Townscape Heritage Business Improvement funding.

### Helping all people into rewarding work

- 24 Referrals to Employability Durham has remained steady as both Job Centre Plus (JCP) and our delivery partners have started meeting clients face-to-face. However, numbers are still lower than pre-covid levels, but we expect these to recover in the coming months as more JCP claimants are encouraged to participate in employment related activity.
- 25 Between July and September, the number of participants progressing into employment, education or training decreased. This is due to fewer clients being registered onto our programmes or looking for employment over the summer holiday period due to childcare issues. With some sectors having increased vacancies, some people have also found jobs themselves. Issues continue with people being willing to engage in employability activity as it is not presently being mandated by JCP.
- 26 The developing County Durham Inclusive Economic Strategy includes reference to skills and employment and acknowledging that sectors such as health and social care, logistics and retail and hospitality have recruitment issues. These pressures are being experienced nationally and a set of measures have been implemented, including specific measures to support more rapid HGV training.
- 27 At a local level, the council's care academy project is seeking to increase the numbers of entrants to that sector and to reduce vacancies. In the retail and hospitality sector, the immediate pressures in the run up to Christmas were exacerbated by staff absence and isolations. In conjunction with Durham BID plans are underway to hold a retail and hospitality jobs fair during quarter four. Routeway activity continues to be delivered by Durham Employment and Skills

(DES) to support residents upskilling directly into defined vacancies in conjunction with Amazon and Pride Valley Foods.

- 28 Working with Durham University, we have developed an international student outreach programme and a programme for those studying modern languages. In October we launched Durham Global Alliance, which bring together partners from Durham University, Culture Durham, Durham Youth Council, Durham Sport, Business Durham and schools and colleges.
- 29 The Alliance aims to develop a range of activities for young people in County Durham and to build on existing relationships between educational, cultural, sporting and business organisations. During quarter three, the project involved 350 schools from 19 countries and engaged more than 11,000 young people in virtual learning activities.
- 30 An apprenticeship programme has been introduced in conjunction with our sport and leisure service. The programme involves 'team member' apprentices working in our pool sites and being trained as lifeguards, swim teachers, gym instructors and coaches, as well as 'community sport and health officers' working within our Wellbeing Team to support walking, running, cycling and community cases alongside our children and young people programme.
- 31 The programme is for 15 apprentices, and to date nine 'team member' apprentices have been engaged across our pool sites and four 'community sport and health officers' within our Wellbeing team. Two 'team member' positions, funded through the Weardale AAP for our sites at Peterlee and Wolsingham, will be advertised in the next few months. Apprenticeships run for an 18-month period with opportunities for employment within the service once the apprenticeship is completed.

### **A broader experience for residents and visitors to the county**

- 32 Lumiere took place in November, the biggest outdoor event in the north east since lockdown with an estimated 180,000 visitors attending the four day event. The learning and participation programme worked with 685 individuals across 25 schools and six BRILLIANT artists. The new county programme, Marks in the Landscape, was very well received across the six locations (Raby Castle, Peterlee Apollo, Seaham Harbour), Ushaw College, Finchale Abbey and Penshaw Monument) with estimated attendance at Raby, Finchale and Ushaw over the four nights being around 12,500.
- 33 Due to unforeseen issues to the listed building which involved additional works on the stonework and roof, the History Centre has been delayed, this will extend the construction programme beyond the original completion date of October 2022, new timescales are currently being reviewed.

- 34 Visitors to Hardwick and Wharton Parks over the last 12 months have exceeded 600,000.
- 35 With the reduction in COVID-19 restrictions our volunteers have been able to get back to supporting our services. During the last quarter, six volunteers provided over 570 hours support to historic environment projects including the Historic Environment Record and over 100 volunteers provided more than 2,800 hours of support to the Countryside and Parks service.

### **Fewer people will be affected by poverty and deprivation within the county**

- 36 During quarter three, 3,312 households contacted Housing Solutions. Contact across most areas of the service remained consistent compared to quarter two, but there was a significant increase in contacts to our regeneration team, which includes the Managing Money Better (MMB) initiative and fuel advice.
- 37 Requests for assistance via the MMB initiative increased by 29% this quarter due to fewer fuel switching opportunities, following the collapse of 27 energy companies. 160 households were assisted via MMB, achieving an average saving per household of £158.67, mainly due to fuel debt write offs and Warm Homes discount applications.
- 38 Following the lifting of the eviction ban, analysis has shown an initial rise of homelessness presentations as a result of eviction notices served, especially notable in early January 2022. This has not yet returned to pre-pandemic levels which may be due to a backlog in court proceedings and landlords still unwilling to take action while coronavirus issues remain. We have received £157K in government money to address COVID-related rent arrears in the private rented sector and are looking to distribute this on a case-by-case basis which may help reduce potential homeless cases.
- 39 The number of new households placed in temporary accommodation (TA) and the average length of time households are placed in TA have both reduced this quarter. A number of process changes now ensure households at risk of going into TA are identified sooner, and placements are closely monitored to ensure time in TA is limited and permanent accommodation secured swiftly.
- 40 We are still seeing high levels of rough sleepers, during the quarter 230 were reported and 78 were found and assisted. Levels are similar to last year; however, the needs of rough sleepers have been found to be more complex. We have also supported more rough sleepers into long term accommodation this quarter with County Durham Lettings Agency properties coming online through the Contain Outbreak Management Fund.

- 41 We have received £300,000 from the Rough Sleeper Accommodation Programme, and requested match-funding from the Towns & Villages Programme to convert Shildon People's Centre into four self-contained flats. The project is progressing through planning and final design stages.
- 42 In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced Protect & Vaccinate, requesting where possible all rough sleepers are accommodated for at least five months and supported through the vaccination programme. Durham assisted nine into accommodation between 20-31 December. We are working with NHS partners to ensure vaccinations take place.

## **Connected Communities**

- 43 The ambition of Connected Communities is linked to the following key objectives:
- (a) Standards will be maintained or improved across County Durham's housing stock;
  - (b) Our towns and villages will be vibrant, well-used, clean, attractive and safe;
  - (c) People will have good access to workplaces, services, retail and leisure opportunities;
  - (d) Communities will come together and support each other;
  - (e) Delivery of new high-quality housing which is accessible and meets the needs of our residents.

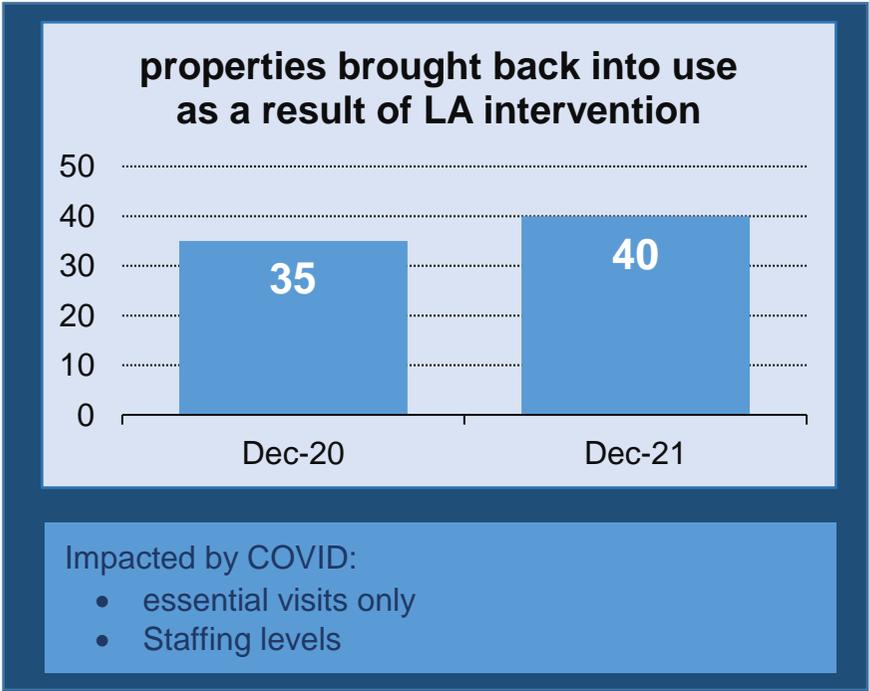
# MORE AND BETTER JOBS

## Housing advice and support

properties improved, adapted or brought back into use	779	up 15%
households accessing Housing Solutions	3,312	up 11%
households helped to move to alternative accommodation	249	down 4%

**341**  
households helped to stay in their homes  
**up 12% on last year**

**74**  
'new' households placed in temporary accommodation  
**down 22% on last year**



## National, Regional and Local Picture

- 44 The Government has published the Levelling Up White Paper which aims to reduce inequality between regions of the UK. The paper sets out 12 ‘missions’ for 2030 across four policy objectives, as set out below:

Objective	Missions
Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging	<ul style="list-style-type: none"> <li>Increasing pay, employment, and productivity, and narrowing disparities between areas</li> <li>Increasing domestic public investment in Research and Development outside the Greater South East by at least 40%</li> <li>Improving local public transport systems across the country to closer to London standards</li> <li>Gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the country</li> </ul>
Spread opportunities and improve public services, especially in those places where they are weakest	<ul style="list-style-type: none"> <li>90% of primary school children meeting expected standards, increasing in the worst performing areas by a third.</li> <li>200,000 more people completing skills training every year, with 80,000 more people completing courses in the lowest skilled areas</li> <li>Narrowing disparities in Healthy Life Expectancy (HLE) and by 2035 rising HLE by 5 years.</li> <li>Improving well-being in every area of the UK and narrowing the disparities between areas.</li> </ul>
Restore a sense of community, local pride and belonging, especially in those places where they have been lost	<ul style="list-style-type: none"> <li>Pride in place, to rise in every area of the UK, with the gap between top performing and other areas closing.</li> <li>Renters will have a secure path to ownership with the more first-time buyers in all areas; and halving the number of poor-quality rented homes</li> <li>Significantly decreasing serious crime in the worst affected areas</li> </ul>
Empower local leaders and communities	<ul style="list-style-type: none"> <li>Granting every part of England a devolution deal if they wish.</li> </ul>

## Council Services

### Our towns and villages will be vibrant, well-used, clean, attractive and safe

- 45 During quarter three, we completed eight public realm schemes: three physical improvements from the town centre capital programme and five from the towns and villages programme. Dalton Old Pump House was brought back into

productive use, offering a unique venue to host events or weddings in a Grade II Listed Victorian Building, as well as housing two new businesses.

- 46 A series of draft masterplans have been developed which set out a vision and general principles for the future development of some of the county's settlements. These documents are now out for consultation and residents can have their say on draft masterplans for Chester-le-Street, Newton Aycliffe, Peterlee, Three Towns, Durham City, Sniperley and Stanley.
- 47 The installation of free wi-fi in Crook, Spennymoor and Consett has been delayed due to higher than expected costs. Discussions are underway with Area Action Partnerships and Town Council's in relation to match funding potential. New quotes are expected January and implementation now anticipated May 2022 instead of March. Work continues on the scheme in Durham City which is due to be implemented in June 2022. The scheme is to encourage people to spend more time in our town centres and boost the local economy; as well as providing valuable information through the anonymous footfall data to identify trends and monitor the impact of changes to the high street, which can then be used to shape future regeneration projects.

### **Delivery of new high-quality housing which is accessible and meets the needs of our residents**

- 48 In December Cabinet approved Phase 2 of the Council Housing Building Programme. Subject to a viability assessment of each scheme, this will see 345 homes developed across 17 sites. Detailed preparations are underway for the commencement of Phase 1 which will deliver 155 homes across 7 sites with work due to commence on site in July 2022.
- 49 Wheatley Hill Targeted Delivery Plan (TDP) was approved in November 2021. A report setting out the approach for the future progress of TDPs has been developed is pending approval in January 2022. TDPs form part of our Housing Strategy to improve the county's housing stock and wider residential environmental issue and focus on issues that are relevant to each area, including addressing long term empty homes.
- 50 Work continues on delivering the Chapter Homes business plan with construction of 67 new homes located at Oakerside Drive in Peterlee now complete. Five properties were sold during the quarter, with the remaining three currently being advertised. Work also continues on the Gilesgate site, with the scheme on track to achieve 20 reservations by the end of March 2022.
- 51 Supply chain issues impacting the construction sector has meant the construction of 60 new homes by July 2022 has been pushed back to December 2022,

however, it is anticipated that all sales will be completed on target by August 2023.

### **Standards will be maintained or improved across County Durham's housing stock**

- 52 The Secretary of State has now approved in full the council's application for a Selective Licensing Scheme that will cover 42% of the private rented sector in County Durham. A three month notice period is required before licences can be issued, therefore the scheme will come into effect 1 April 2022. However the application process will open on 1 February 2022.
- 53 We are looking to introduce an Accredited Landlord Scheme for responsible landlords and a proposal for a hybrid accreditation scheme, the 'Durham Rental Standard' has been developed in conjunction with the National Residential Landlords Association. The scheme would be free to join for landlords operating within County Durham and specifically targeting areas of the County where selective licensing does not apply.
- 54 During the quarter, 40 empty properties were brought back into use, making 118 in the year to date. The challenging way the team have had to work in response to ongoing COVID restrictions has had an impact on delivery. It is anticipated that with a full complement of staff and continued lifting of COVID restrictions, the annual target of bringing 200 empty properties back will be achieved.
- 55 During the quarter, 386 households benefitted from energy efficiency measures, with a total external grant funding of £444,200. Amendments to the national Energy Company Obligations (ECO) regulations, which introduced more complicated procedures for ECO contractors, continues to slow down contractors processing installations. 165 energy efficiency measures were installed through the local authority delivery programme, including solid wall insulation and air source heat pumps.

### **People will have good access to workplaces, services, retail and leisure opportunities**

- 56 The council has submitted Strategic Outline Business Cases to the government's Restoring Your Railway Fund to re-establish a passenger rail connection from Consett to Newcastle and a station at Ferryhill.
- 57 A new Consett to Newcastle railway line would include a new station at Consett and intermediate stations along different route options including a route via Annfield Plain and Stanley, to Newcastle via the East Coast Main Line, and a potential route via the Derwent Valley. Appropriate environmental and cycle route mitigations would be incorporated into these potential routes.

- 58 A station at Ferryhill would create a passenger rail service to Teesside, via the existing Stillington Line which is currently only used for freight services. This could lead to reviewing rail connectivity to Sedgefield. Combined with the potential long-term reinstatement of the Leamside line, a new Tyne-Tees connection would see rail services continue up to Newcastle. Although the proposal to reinstate the Leamside line was unsuccessful in achieving Restoring your railway funding, discussions into this potential connection are ongoing at a regional level.
- 59 The Department for Transport will assess the business cases and we expect to hear spring/summer time on whether they will be progressed further.
- 60 The 2021/22 winter maintenance commenced in October with no issues relating to salt stocks. Driver issues due to staff absences from COVID continue to be a problem and three routes have been sub-contracted. In-house driver levels continue to be monitored and systems are in place to ensure continuity of winter service. The cost of salt and fuel have increased, and this will impact on the financial outturn.
- 61 The review of the Winter Maintenance Plan and Policy will now be published in January 2022. Additional requests have been received to increase the P2 network, these are currently under review.
- 62 Refurbishment of New Elvet Bridge, which re-opened in October 2021, was awarded Most Innovative Project by the Institution of Structural Engineers Northern Counties Structural Awards 2021 and received a special commendation in the Large Projects category.
- 63 The Transport Asset Management Plan (TAMP) for 2020 was presented to Cabinet on 19 January 2022. The key findings were:

	% of roads where maintenance is recommended			
	DCC 2020	DCC 2019	National Average	North East Average
A roads	3.1	3.0	4.0	3.0
B roads	3.0	3.3	6.0	4.0
C roads	2.6	2.3	6.0	4.0
unclassified roads	22.5	21.2	17.0	17.0

- 64 The condition of footways is showing a gradual improvement, but still remains a key issue with 22.5% of footways classified as being in need of maintenance. Many of the footways visually inspected are rural links that typically become overgrown with vegetation impacting on their functionality, in addition to urban footways that have been in decline and are in need of repair and maintenance.
- 65 Structures are generally in 'good to fair' condition and the backlog has now stabilised after increasing in recent years due to updated and more accurate condition surveys. Based on the latest Annual Local Authority Road Maintenance (ALARM) Survey 2021 which estimates the backlog for England and Wales at £10.24 billion for carriageways and footways, on average the council's maintenance backlog is broadly in line with other councils taking into account the size of the highway network. This still represents a challenge to achieve better than national average condition of assets and to maintain a downward backlog figure.
- 66 The Public Right of Way network is not routinely surveyed, so there is no detailed condition data. It is acknowledged that this is an area that requires a system of routine inspections, and that additional investment would be required to improve the overall condition and support tourism policies, contribute to the Strategic Walking and Cycling Delivery Plan and other physical and mental health related policies. Development of the Right of Way Improvement Plan has commenced and will be complete in July 2022.
- 67 In the 2020 National Highways & Transport (NHT) Public Satisfaction Survey our overall public satisfaction was 55%; above the national and regional averages of 54%. Public satisfaction with the condition of our highways, highway maintenance, and highway enforcement/obstructions, were all higher than the national and regional averages, however satisfaction with street lighting fell below at 60% compared to the average of 64% regionally and nationally.
- 68 The pandemic impacted the use of public transport across the county, with passenger numbers only recently returning to 75% of pre-COVID levels before a further downturn with the advent of the Omicron variant. It is likely that passenger numbers are going to take a significant time to recover.
- 69 Impacts have been experienced countywide, with a small number of bus services being withdrawn at the end of 2021 and a number of temporary timetable changes being implemented to reduce reliability issues caused by COVID related driver shortages. However, the council has responded by amending our subsidised routes so accessibility to public transport only fell by 0.2%. The majority of temporary timetable changes are now reverting back to original timetables.

- 70 Currently, our main bus operators are reliant on COVID support from central government, however, it is anticipated that this funding will soon cease. Due to this, the fact that shopping patterns have changed and potentially more people are expected to work from home in the medium term, we continue to work closely with operators around any proposed reduction in services.
- 71 As a region, we have set out a clear vision for public transport and are entering into an enhanced partnership with operators, a bid has been submitted to secure funding to help improve services, the outcome is expected at the end of February.

## Key Performance Indicators – Data Tables

There are two types of performance indicators throughout this document:

- (a) Key target indicators – targets are set as improvements can be measured regularly and can be actively influenced by the council and its partners; and
- (b) Key tracker indicators – performance is tracked but no targets are set as they are long-term and/or can only be partially influenced by the council and its partners.

A guide is available which provides full details of indicator definitions and data sources for the 2020/21 corporate indicator set. This is available to view either internally from the intranet or can be requested from the Strategy Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk)

### KEY TO SYMBOLS

	Direction of travel	Benchmarking	Performance against target
GREEN	Same or better than comparable period	Same or better than comparable group	Meeting or exceeding target
AMBER	Worse than comparable period (within 2% tolerance)	Worse than comparable group (within 2% tolerance)	Performance within 2% of target
RED	Worse than comparable period (greater than 2%)	Worse than comparable group (greater than 2%)	Performance >2% behind target

### National Benchmarking

We compare our performance to all English authorities. The number of authorities varies according to the performance indicator and functions of councils, for example educational attainment is compared to county and unitary councils however waste disposal is compared to district and unitary councils.

### North East Benchmarking

The North East figure is the average performance from the authorities within the North East region, i.e., County Durham, Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar and Cleveland, Stockton-On-Tees, South Tyneside, Sunderland.

More detail is available from the Strategy Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk)

## MORE AND BETTER JOBS

### Do residents have good job prospects?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
1	% of working age population in employment	71.5	Oct 2020-Sep 2021	73 (red)	71.9 (amber)	74.9 (red)	70.4 (green)			Yes
2	Per capita household disposable income (£)	16,617	2019	Tracker	16,315 (green)	21,978 (red)	17,096 (red)			No
3	Gross jobs created / safeguarded as a result of Business Durham activity	507	Oct-Dec 2021	Tracker	361 (green)					Yes
4	% of 16 to 17 year olds in an apprenticeship	6.1	as at Nov 2021	Tracker	4.2 (green)	3.6 (green)	5.9 (green)	5.6 (green)		Yes

### Is County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
5	Gross Value Added (GVA) per capita in County Durham (£)	16,925	2019	Tracker	16,501 (green)	30,239 (red)	20,727 (red)			No
6	No. of registered businesses in County Durham	14,565	Mar 2021	Tracker	14,105 (green)					No
7	Value (£ million) of new contracts secured	8,173,215	2020/21	8 (green)	907,439 (green)					No
8	Value (£ million) of GVA growth from jobs created	13,590,902	Oct-Dec 2021	12,000,000 (green)	10,596,794 (green)					Yes
9	No. of Inward Investments secured	1	Oct-Dec 2021	2 (red)	2 (red)					Yes
10	% of Business Durham business floor space that is occupied	95.2	Oct-Dec 2021	85 (green)	82.8 (green)					Yes

## How well do tourism and cultural events contribute to our local economy?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
11	No. visitors to County Durham (million)	11.39	2020	Tracker	20.13 (red)					No
12	No. jobs supported by the visitor economy	6,794	2020	Tracker	12,133 (red)					No
13	Amount (£ million) generated by the visitor economy	506.75	2020	Tracker	980.72 (red)					No

## CONNECTED COMMUNITIES – SUSTAINABILITY

### Do residents have access to decent and affordable housing?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
103	Number of properties improved, adapted or brought back into use	779	Oct-Dec 2021	Tracker	675 (green)					Yes
104	Number of empty properties brought back into use as a result of local authority intervention	40	Oct-Dec 2021	50 (red)	35 (green)					Yes
105	Number of net homes completed	442	Jul-Sep 2021	327 (green)	416 (green)					Yes
106	Number of affordable homes delivered	466	2020/21	300 (green)	628 (red)					No
107	Number of households accessing the Housing Solutions Service	3,312	Oct-Dec 2021	Tracker	2,996 (green)					Yes
108	Number of households helped to stay in their home	341	Oct-Dec 2021	Tracker	303 (green)					Yes
109	Number of households helped to move to alternative accommodation	249	Oct-Dec 2021	Tracker	260 (red)					Yes

## Is it easy to travel around the county?

Page 60 Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
110	% of A roads where maintenance is recommended	3.1	2020	Tracker	3.0 (red)	4.0 (green)	3.0 (red)		2020/21	Yes
111	% of B roads where maintenance is recommended	3.0	2020	Tracker	3.3 (green)	6.0 (green)	4.0 (green)		2020/21	Yes
112	% of C roads where maintenance is recommended	2.6	2020	Tracker	2.3 (red)	6.0 (green)	4.0 (green)		2020/21	Yes
113	% of unclassified roads where maintenance is recommended	22.5	2020	Tracker	21.3 (red)	17.0 (red)	17.0 (red)		2020/21	Yes
114	Highways maintenance backlog (£millions)	171.2	2020	Tracker	172.6 (green)					Yes
115	Bridge Stock Condition – Principal Roads*	82.0	2020	Tracker	81.1 (red)					Yes
116	Bridge Stock Condition – Non-Principal Roads*	81.0	2020	Tracker	80.1 (red)					Yes

\* Bridge stock condition (>=90 very good condition / >=80 good condition / >=65 fair condition / >=40 poor condition / <40 very poor condition)

Other additional relevant indicators

**MORE AND BETTER JOBS**

**Do our young people have access to good quality education and training?**

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
15	Average point score per A level entry of state-funded school students	41.2	2020/21 (academic year)	Tracker	39.9 (green)	41.6 (amber)	40.0 (green)			Yes
17	% of 16-17 year olds who are not in education, employment or training	4.7	Nov 2021	Tracker	4.8 (green)	2.3 (red)	4.4 (amber)	3.6 (red)		Yes

**CONNECTED COMMUNITIES – SAFER**

**Are we being a good corporate parent to Children Looked After (CLA)?**

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
73	% of care leavers aged 17-18 in education, employment or training	65	as at 24 Nov 2021	Tracker	76 (red)	65 (green)	63 (green)	63 (green)	2020/21	Yes
74	% of care leavers aged 19-21 in education, employment or training	60	as at 24 Nov 2021	Tracker	56 (green)	52 (green)	50 (green)	54 (green)	2020/21	Yes

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**Meeting:** County Durham Economic Partnership Board

**Date & Time:** Wednesday 1<sup>st</sup> December 2021 at 11.00am

**Venue:** Salvus House, Aykley Heads, Durham



Better for everyone

<b>Present:</b>	Name	Organisation/Pillar Rep
	Glyn Llewellyn (GL)	Chair
	Sue Parkinson (SP)	Resources
	Sarah Slaven (SS)	Business Competitiveness
	Karl Fairley (KF)	People
	Bill Fullen (BF)	Inclusive Growth
	Jenny Taylor (JT)	Durham University
	Reshma Begum (RB)	Federation of Small Business
	Glenn Martin (GM)	Infrastructure
	Angela Brown (ABro)	Partnership Team, DCC (minutes)
<b>Also in attendance:</b>	Alison Clark	Head of Culture, Sport & Tourism DCC
	Sally Dixon	Beamish
<b>Apologies:</b>		
	Joanna Laverick	VCS Voice
	Alison Gittins	Durham Business Group
	Amy Harhoff	Durham County Council
	Andy Broadbent	People
	Cllr Elizabeth Scott	Durham County Council
	Andy Bailey	Partnership Team, DCC
	Jon Gluyas	Durham University
	Joanne Waller	Durham County Council
	Ray Brewis	Durham County Council

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
1.	<b>Welcome and apologies</b>	. GL welcomed everyone to the meeting and initiated round table introductions		
2.	<b>Minutes of the meeting</b>	The minutes from the last meeting held on <b>20<sup>th</sup> September 2021</b> were agreed as a true reflection of the meeting		
3.	<b>City of Culture Bid</b>	<p>Alison Clark and Sally Dixon gave a joint presentation on City of Culture BID and where they were with regards to timetable of events. The Full bid needs to be submitted by end of January 2021</p> <p>GL thanked Alison and Sally and asked how the CDEP Board could help</p> <p>Ideas/Support JT mentioned that although Durham University are heavily involved, she would be keen to see more involvement around Business Engagement and asked if there was any information, she could use to speak about this. SD asked if it could be pushed out through networks as needs to be up and running by end of January. AC felt one of the challenges was that the bid was going as a full county which gives weight to the bid but will be challenges. SD – need to remember that there is no money attached to this but brings investment that adds to the profile of the County. Once the spending review is finalised AC will contact SS to look at bidding for funding</p>		

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		<p>SP mentioned some delivering programmes already need to get people to move focus a little. ERDF how to start business/grow change now to capitalise on culture. The County Council will bid for funds but so will others. SP suggested the following:</p> <ul style="list-style-type: none"> <li>• SP will pull meeting of people together</li> <li>• What does it look like moving forward?</li> <li>• Help with writing</li> </ul> <p>SS mentioned there are two side what we write in bid and need to give examples of what we have and how we have a strong partnership</p> <p>Business Engagement  SP – Businesses at small end 6000 self-employed people in the county. Micro businesses what can they do?</p> <p>KF in relation to the skills agenda need to be looking in terms of aspirations selling the dream. He then asked what do you want from College?</p> <p>AC mentioned bid 2023-27 but it is a 25-year project the bid is based around economy growth. Colleges matching up what economic growth will look like need to be having conversations about programmes going forward and how we can support each other. KF suggested AC come and have meeting with College with a focus around marketing from selling courses to selling aspirations. Also need to be linking with businesses to see what local employers need.</p> <p>RB – Small business need to be part of this as its about pride of place  SD will contact RB and RB will circulate to Small Businesses as will SP</p> <p>SS people are struggling to attracting and retaining staff as its more competitive globally. If you get the right businesses engaged, you will see real benefits</p> <p>SD – The sign-up page is now live</p> <p>JT – Creative fuse – supporting widening of markets selling products. If we get status</p>		

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		<p>could we support wider marketing. Would be easy conversation to have with creative fuse businesses would be good conversation. SD will look at this with Ged. Will have interesting insights Pride of Place</p> <p>SP – Make available opportunities that bid presents around prestart businesses that have a start up provider network looking to get oven ready products. SP will take this forward as a major project</p> <p>JT – Enhance NETPark other ways of connecting -creative and culture world has something to offer. Want them engaged. AC agreed that no one is doing it so same extent.</p> <p>SS – NETPark Satellite Centre for excellence have a cluster of drone companies that do fantastic light displays with drones – urban air mobility. Space Art is another idea – SS will find contact for AC</p> <p>JT – Physicists based Orbit Team makes connection between Culture and Innovation.</p> <p>AC mentioned that culture is broad and covers food/sport and wellbeing also as well as art and all the supply chains.</p> <p>SS felt it would be good to use local knowledge</p> <p>SP asked if Housing providers know which tenants' self are employed as this could be another way of collecting date. BF mentioned t here would be data available for this. There is also bank search data available.</p> <p>AC asked what the best way to engage with people who not captured in groups. Small-scale one-man band businesses RB felt that it was difficult to get them to see that far ahead and we need to be clear what the pledge means for them SP mentioned the possibility of providing lunch for all professionals to make sure all</p>		

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		<p>captured</p> <p>SS – because of geographic spread of the county our mechanisms to engage are not there and could improve this through the bid SD -we need to put the North East on the map like it has never been before</p> <p>GM - We need to be using background when having teams’ meetings to push the bid</p> <p>SD agreed its mostly down to word of mouth and we need this to help spread the word</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• <b>All to push the key messages out through networks ASAP</b></li> <li>• <b>Once Spending Review is finalised AC will contact SS regarding Bidding/Funding</b></li> <li>• <b>SP will pull a meeting of people together &amp; help with Writing bid</b></li> <li>• <b>AC to organise meeting at New College Durham how can support each other</b></li> <li>• <b>SD will contact RB and SP with information to circulate to Small Businesses</b></li> <li>• <b>SD to work with Ged to speak to Creative Fuse Businesses</b></li> <li>• <b>SS will find contact for Space Art and send to AC</b></li> </ul>	<p>ALL</p> <p>AC SP</p> <p>AC</p> <p>SD</p> <p>SD SS</p>	
4.	Partner Updates	<p><i>Sue Parkinson</i></p> <p>BES Group have not met recently. SP represented GL at the last CDP Board meeting where the City of Culture was on the agenda. Shared Prosperity needs sorting out. All party parliamentary group are looking at SPF with Chair Stephen Kinnock, some noises are coming out, still need to be doing more.</p>		

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		<p>SP mentioned she had attended the Environment Board yesterday and is on the steering group for LowCarbo examples of best practice and how partnerships are morphed. Submitted evidence Environment agenda with the Economic agenda to give traction to partners. Sat on a few boards for government structure people not in employment and training to make sure employers are aware of needs.</p> <p><i>Sarah Slaven</i>            Since the last meeting of CDEP Board County Durham submitted one bid which was successful based around NETPark and eco systems, there was something in this of how we work together. Also, as there are such tight timescale trying to get work done and ready for the Shared Prosperity Fund for digital/NETPark/Aykley Heads Following the next phase, the Council looking at NETPark and how we maximise opportunity. Trying to see how can put in place ways of working to develop skills network.            ERDF schemes which are running are all on track to deliver and are positioning ourselves Programme got to deliver well            County Durham Growth Fund – have businesses for that coming through</p> <p><i>Karl Fairley</i>            Social funds want SP guidance to come out. A lot of Colleges are replying on that funding. Children not in Education a&amp; Training – Working closely with Durham works on this area and continuing to work with local employers to set up quicklan board which consists of employers and what skills they require            T Level developments which are equivalent to A levels – The College will build a T Level development area and we have made application about building an extension onto the College</p> <p><i>Jenny Taylor</i>            Have had a catalogue of Government Departments visiting the University. Have someone from Baise with us for 24 hours and ended visit at NETPark at Orbit which was good visit. All spoke about collaborations had lovely feedback which was exactly what was needed so will continue to support that.            ONS and Treasury are visiting next week to Darlington Economic Campus and are</p>		

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		<p>keen to link in with graduates. JT will make connection with College and keen to engage in getting more traction            Developing a knowledge exchange strategy for the University which is nearly complete going through the last process.            Degree apprenticeship Programme – putting support as have demand just not capability</p> <p><i>Bill Fullen</i>            Social Housing Decarbonisation Fund – Some stock will be very expensive to decarbonise. The next Housing Forum will have a focus around decarbonisation. Missing out on additional funds. Skills Gap – How can we use employability to promote?</p> <p><i>Reshma Begum</i>            Employability – People who are delivering on skills needs to be more of a voice from industry            FSB – almost back to survival mode after the storm, it shows what can happen when we rely on digital infrastructure especially for electric vehicles.            Want to do more with engagement. Have got changes coming in which will be challenge for all businesses to understand what they mean.</p> <p><i>Glyn Llewellyn</i>            Visited the Environment &amp; Climate Change Event last week where they are trying to get Net Zero ASAP which will be challenging for a lot of businesses</p>		
5.	<b>Any Other Business</b>	GL thanked everyone for attending this morning and mentioned would be in touch possibly sometime next week		
	<b>Date and time of Next Meeting</b>	<b>TBC</b>		

