

Economy and Enterprise

Overview and Scrutiny Committee

21 July 2021

Introduction to the Regeneration,

Economy and Growth Service



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

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report and presentation provides an overview of the services, key projects, budgets, and structures of the council's Regeneration, Economy and Growth Service.

Executive Summary

- 2 The Regeneration, Economy and Growth (REG) Service is responsible for the development and delivery of a new economic strategy for the county, as well as associated policies, community and business services, and infrastructure that unlocks inclusive economic growth. The service has a multi-billion pound capital investment programme for regeneration, development, and infrastructure.
- 3 The REG service brings together six main functions:
 - Transport and contract services
 - Communications and marketing
 - Corporate land and property
 - Development and housing
 - Culture, sport, and tourism
 - Business Durham
- 4 This paper and accompanying presentation outline the broad roles of the REG Service, key strategies, and how it works with the Government and other bodies to take forward regeneration and economic growth projects and delivers social value in the county and region.

Recommendations

- 5 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 – particularly where the Committee would like further information on the services and projects that are outlined.

Background

- 6 The Regeneration, Economy and Growth (REG) Service is responsible for supporting a wide range of activities that support local regeneration and strategic economic growth. The service has an annual budget of around £120 million and has approximately 1,800 staff working throughout the county. Key services include:
 - Transport and contract services
 - Communications and marketing
 - Corporate land and property
 - Development and housing
 - Culture, sport, and tourism (including Visit County Durham)
 - Business Durham

Strategic Context

- 7 The [County Durham Plan](#) was adopted in 2020 and includes 300 hectares of new employment land and includes policies that will lead to the development of more at least 26,000 new homes by 2035. We estimate that there is at least £3 billion of developments planned by public and private investors which will contribute to all parts of our economy. In the coming months we will be consulting with members, external organisations and residents on a new Economic Strategy which will replace the current Regeneration Statement, Business and Enterprise Framework, and Skills Strategy.
- 8 Although the county and our economy are large in scale, we face a range of economic challenges including unemployment and high number of out-of-work benefit claimants. The gap between the county's economic performance and the national average is growing across a range of measures, including our workforce which generally has lower levels of education and training than national averages. This prevents a lot of residents from gaining higher-skilled, and higher-paid, jobs and the lifestyles and higher levels of health associated with them. These

issues have been identified within the [County Durham Vision](#) which was launched in 2019 and will be considered in more detail in the Economic Strategy.

- 9 The REG Service delivers projects and programmes against many of the County Durham Vision's priorities. Whilst challenging, it is vital that the service invests in places across the county to benefit the half a million residents that the council serves. The new [Towns and Villages Programme](#) will see the council investing £25 million to deliver a range of improvements to places of all sizes across the county including:
 - Strategic investments
 - Housing and community projects
 - Environment and health improvements
 - Built environment improvements
 - Transport and connectivity projects
- 10 The county is becoming more attractive to investors and developers with Bishop Auckland and Durham City having received substantial investment in the last few years and smaller private investments being made in most towns. However, the council plays a key role in enabling developments and often needs to invest in site infrastructure and sometimes take a stake in the developments in order to make them financially viable to the private sector.
- 11 The county has invested in infrastructure to ensure there is a portfolio of employment land available to investors and developers across the county. Many of the county's industrial estates and business parks are on the site of former mines, steelworks and other heavy industries which support a range of local jobs. However, there has been a notable concentration of new investment towards the A1M, A19, East Coast Mainline and Durham City in the last few decades. In order to capture this investment and new jobs we have therefore created strategic sites in these key locations.
- 12 North East Technology Park (NETPark) was established more than fifteen years ago on a former hospital site in Sedgefield, adjacent to the A1M and close to Durham City, but in a high quality parkland setting which is desirable to the research and scientific businesses that operate here. Due to the success of the park in attracting national innovation centres, university spin-out businesses, and other high-tech local businesses, the REG Service has recently invested in Phase 3 of the nationally significant science park putting in place the infrastructure needed to attract more businesses and around 1,300 jobs. NETPark is

managed by Business Durham who also provide business support on-site as well as connecting to networks for innovative businesses that are not on-site.

- 13 Integra 61 is adjacent to the A1M and close to some of our largest towns and villages and last year saw the opening of one of the largest UK 'fulfilment centres' in the UK. As part of a mixed use development including hotels, new local services, a business park and housing, Integra 61 is expected to deliver around 5,000 jobs. The REG service put the road infrastructure in place and worked closely with Amazon to secure their investment in the county.
- 14 In east Durham, adjacent to the A19 corridor and Dalton Park outlet shopping centre, Jade Business Park Phase 1 has recently attracted Sumitomo - a supplier to the nearby Nissan plant – and Core Haus – a modular construction business. Again, the REG service put the necessary infrastructure and business support in place to secure these investments and is planning phase 2 at Jade. The REG Service is also working with a number of organisations to realise some renewable energy projects on land adjacent to the business park.
- 15 As a result of the success of Aycliffe Business Park and securing a Hitachi rail manufacturing facility, the REG Service has allocated an adjacent site known as Forrest Park. The park has the potential to accommodate around 3,200 new jobs in manufacturing and distribution activities and due to its direct access to the rail network has future potential to be developed as a nationally-significant rail-freight interchange. This is identified by Transport for the North and is likely to require the re-opening of the Leamside that runs through the county.
- 16 Aykley Heads is already a successful business location, with existing occupiers including Atom Bank, Honcho, Waterstons, Durham Constabulary and the North East Chamber of Commerce, amongst others. The Durham City Incubator is also located here and managed by Business Durham in association with Durham University and New College Durham. The relocation of the council from this site would make the site available for the business park development that the REG Service has masterplanned. One of the main benefits of locating the business park here is the existing facilities, proximity to Durham City and Durham station. Fully developed, the site could accommodate around 4,000 jobs.

Business and Employability Support

- 17 The REG Service provides a range of support services to businesses, mainly through Business Durham, but also with partners in the County Durham Economic Partnership and through other teams in the REG

service. Business Durham offers support to businesses of all sizes and stages of their development as well as inward investors and those that have to plan redundancies. Business Durham also manages and rents out small business premises across the county – in areas that are unattractive to the private sector – and has established networks for businesses in some of the county’s larger business parks and industrial estates such as Peterlee, Newton Aycliffe and Chester-le-Street.

- 18 The REG Service has operated apprenticeship and employability programmes in association with businesses for several years. Funding we secured from the EU has been vital to many business and employment programmes across the county and it is hoped that funding from the Government’s UK Shared Prosperity Fund will allow us to continue this kind of support as these activities now near their end.

Housing Services

- 19 There are more than quarter of a million homes in County Durham with 25,000 planned up to 2035. The County Durham Plan sets out targets for affordable homes which vary across the county based on local needs, with the minimum being 10% and the maximum 25% affordable housing in new developments. The REG Service is also committed to ensuring that at least 10% of new homes meets the needs of older residents.
- 20 The REG Service operates a wide range of housing and domestic services, from building homes under the ‘Chapter Homes’ brand to providing at-home emergency response for vulnerable people (Care Connect) and providing sites for travellers. In 2021 the council was awarded the [‘local authority of the year’](#) in the Northern Housing Awards for the services that were delivered as part of the council’s housing strategy.
- 21 A new [Housing Strategy](#) was adopted in 2019 to meet housing need and demand, with specific focus on delivering high quality new homes, alongside homes for older people and those with disabilities. We have also worked to increase the number of affordable homes in the county by 53 per cent since 2014, as well working closely with community organisations to support opportunities for community led housing.
- 22 We are currently in the process of establishing a council homes delivery programme that will create 500 new council owned properties over the next five years. In addition, we set up a County Durham Lettings Agency in the last year to assist with providing accommodation to vulnerable residents.

- 23 Our [Homelessness and Rough Sleeping Strategy](#) for County Durham has also helped to prevent homelessness and reduce the number of rough sleepers across the county, helping us to prevent almost 2,900 cases of homelessness during 2019-2020. As part of our work to tackle homelessness, we were also highly commended for our collaboration with Her Majesty's Prison and Probation Service on Project Beta. The project works with high risk offenders for up to six months prior to their release from prison to ensure housing and support is secured.

Leisure, Heritage and Tourism

- 24 The REG Service is planning a £78 million [Leisure Transformation Programme](#) which will see three new leisure centres build in Bishop Auckland, Chester-le-Street, and Seaham. The Woodhouse Close leisure centre is more than 50 years old and the technical assessments that support the transformation programme show that there is a maintenance backlog amounting to more than £7 million across the leisure estate. The programme also links into the Towns and Villages programme, the need to reduce carbon emissions in the council's activities, and health and wellbeing support for residents as the Covid-19 restrictions are lifted.
- 25 As well as the development of new facilities, a number of existing leisure centres need improvements. A number of leisure centres need to be redesigned to ensure they remain fit-for-purpose and some need specific improvements, including:
- Teesdale Leisure Centre: A better customer environment and addressing maintenance issues
 - Consett Leisure Centre: Addressing defects with the swimming pool
 - Newton Aycliffe Leisure Centre: Improved customer environment and a range of maintenance issues
- 26 In addition to leisure centres, the REG Service has recently completed refurbishments of Bishop Auckland Town Hall, the Empire Theatre in Consett, and the Gala Theatre in Durham. Work is ongoing to develop a new [History Centre](#) at the Mount Oswald Manor House in Durham which will also replace register offices in Durham and Bishop Auckland. Construction started on site in April 2021, supported by a National Lottery Heritage Fund grant worth £1.2 million. The History Centre is due to open in 2023.
- 27 The tourism industry has been hit hard by the pandemic, with the latest data suggesting a fall of between 40% and 50% across various aspects of the sector in 2020. However, the tourism sector has great potential in the county and during the pandemic the council has received numerous

applications for new 'staycation' facilities. [Visit County Durham](#) has also reached its 15 year anniversary and is a vital service for promoting the county and coordinating and generating activities. The REG Service continues to invest in local heritage attractions including traditional destinations such as Killhope Lead Mining Museum in Upper Weardale, Beamish and Bowes Museums, and newer attractions such as those that are being developed through the Auckland Project in Bishop Auckland.

Transport

- 28 The Covid-19 crisis has also hit the public transport sector, with bus journeys down 65% in 2020/21 compared to the previous year. In normal times there are around 22.5 million bus journey each year, and the REG Service has a budget of around £12 million to subsidise certain routes, services and passenger groups; at a net cost of £2.5 million. We continually look to improve services and, as an example, have installed around 150 real time information displays to improve passenger information.
- 29 Across the county, the REG Service is delivering a range of transport improvements schemes including strategic schemes in Durham City and local schemes in a range of locations in line with the Towns and Villages Programme. In the past few years, we have also designed and paid for road and junction improvements that have been vital in opening-up strategic employment sites such as Jade Business Park, Integra 61 and Forrest Park and securing the first developments in these locations.
- 30 In June we submitted a [£20 million bid](#) to the Government's Levelling Up Fund for a range of transport improvements in South West Durham. We have pledged to match this with £5 million of our own investment which focuses on:
 - Re-opening Whorlton Bridge to vehicular traffic and non-motorized users
 - Re-routing of A68 to bypass Toft Hill
 - Enabling of Locomotion Building 2 in Shildon including car parking expansion, rail structural restoration and improved walking and cycling links
- 31 In 2019, the council was awarded £7.1 million from Homes England to undertake infrastructure works in Newton Aycliffe to unlock 1,579 new homes. The finance was awarded from the Housing Infrastructure Fund which targets housing schemes with marginal viability in order to deliver new homes against the national target of 200,000 new homes. The

funding will be used to make improvements to the A167/A698 Rushyford roundabout as well as access points to the housing sites, road widening and put the other necessary infrastructure in place. The funding will enable development at Low Copelaw (1,400 homes), Congreve Terrace (30 homes), and Woodham and Cobblers Hall (149 homes) in Newton Aycliffe. The main works are due to commence in September with housing development from 2023 onwards.

Corporate Land and Property

- 32 Across the county we manage 632 properties including civic buildings, schools and libraries and also lease a range of properties which generate important income. We also manage the maintenance of buildings with around 1,000 contracts and service level agreements and 500 customers. In addition, we operate a construction consultancy service which currently is supporting more than 200 projects with a value of around £250 million.

Funding and Investment

- 33 The Covid-19 crisis has had a severe impact on the county's economy; particularly in sectors such as retail, hospitality, and the visitor economy. Although around £200 million of support has been received by the Government, the various levels of support offered by the council have cost more than £11 million. We expect to reclaim some of this back from the Government but it has accelerated the need to give additional support across a range of our services, such as supporting the recovery of the tourism sector and town centres, heightening the need for business support, and job support schemes. Much of this will need to continue into the foreseeable future.
- 34 The REG Service has a significant budget, but also relies on income from a range of sources including the rental of premises, the sale of land, planning applications, car park and transport charges, and leisure centres. However, in order to make progress with the wide range of services we offer, we need external funding from the Government and its various departments and arms-length bodies. There are a number of challenges and opportunities that we can foresee including the withdrawal of government support (e.g. furlough) as we begin to live with Covid-19. The impacts of this alongside those of Brexit are still somewhat unknown and we have little detailed, up-to-date, economic data at county level.
- 35 The Government's Autumn Statement is expected to include some important financial information including a Comprehensive Spending Review which will impact on how much money the council receives from the Government for day-to-day activities. We are also expecting a

Levelling Up White Paper which should indicate how the Government will level-up places across the UK and should have details of the UK Shared Prosperity Fund (which will replace EU funding) and how the Government intends to devolve powers and funding to local areas. For a decade or so, the North East Local Enterprise Partnership has been a key ally and source of local regeneration and growth investment, but the Government is undertaking a review of Local Enterprise Partnerships with a view to potentially changing their roles and responsibilities. This could also impact on the devolution agenda and how local authorities receive support and how regions communicate their needs and opportunities to Government.

- 36 The REG Service works with a range of external bodies to lobby the Government over its policies and funding commitments. The Industrial Communities Alliance provides an important collective voice for the council and other former industrial parts of the UK with similar economic challenges. Through them, we have had success in lobbying for changes to regional funding and how the Government assesses the value of local projects. Similarly, the County Council's Network and Rural Services Network provide a collective voice for rural councils such as ours.
- 37 The Covid-19 crisis has heightened the understanding of the impacts of health and education on the wider economy. It is vital that our economic growth is balanced with wider social objectives and the council has been successful in working with HM Treasury to change the way they assess projects (aka 'the Green Book') to take into account the social value of them, as well as economic returns. The council has also been working closely with the Cabinet Office to advise them on how to maximise the social value of public sector investment and where legislation prevents local procurement and supports local economies. The council monitors its own local impacts in various ways, with the latest data showing that more than two-thirds of goods and services are procured from the North East, almost half from within the county, and almost sixty percent from smaller sized local businesses.

Supporting the Climate Emergency

- 38 In 2019 the council declared a climate emergency, producing a [Climate Emergency Plan](#) and pledging to:
- Reduce carbon emissions from operations by 80% by 2030, making significant progress towards becoming carbon neutral
 - Investigate what actions are necessary to make County Durham Carbon Neutral by 2050 and pledge to achieve this.

- 39 The REG Service contributes to these ambitions across a range of its services including making our buildings and supporting businesses to make their premises more energy efficient and generate energy where possible. We are also making improvements to homes to do the same and working with landlords to encourage them to make their homes better for their residents and cheaper to heat. We are also working with external organisations such as Durham University on various research projects such as exploiting our geothermal resources such as mine water to create heat networks. We are also trying to change the behaviour of staff and residents to use public transport and walk and cycle when possible.
- 40 The sudden shift to more homeworking and e-commerce is being supported by better broadband in town centres, business centres and rural parts of the county. We are also developing the county's electric car charging infrastructure across the county as people make the switch to electric vehicles and amongst a range of initiatives.

Partnerships and Relationships

- 41 The delivery of REG Services would be difficult without working in partnership with organisations across the county and outside it. The county has a number of successful partnerships under the umbrella of the County Durham Partnership which provide vital forums for the development of strategies and plans and taking forward initiatives. Within the region, the REG Service works within a complex arrangement of local, sub-regional and regional bodies to take forward activities and communicate with the Government and other national bodies. We also work with a range of membership organisations – such as the County Council's Network and Industrial Communities Alliance - with which we share common goals and who undertake research and consultations and represent our needs at sub-national and national levels.

Conclusions

- 42 This paper and accompanying presentation give an overview of the broad range of activities that the Regeneration, Economy and Growth Services manages, underpinned by various strategies. The Covid-19 crisis, Brexit and emerging Government policies mean that the Service is operating in uncertain conditions but is continuing to work in partnership with various external agencies to deliver projects, lobby the Government, and deliver economic and social value from its activities.

Background papers:

- [County Durham Plan](#)

- [County Durham Vision](#)
- [Towns and Villages Programme](#)
- [Housing Strategies](#)
- [Levelling Up Fund Bid](#)
- [Leisure Transformation Programme](#)
- [Climate Emergency Plan](#)

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Appendix 1: Implications

Legal Implications

None.

Finance

None.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Climate Change

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.