

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

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

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

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 plan¹ 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 Paper² 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

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

² 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

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.

Appendix 2: Stakeholder conversations

- 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

Appendix 3: Economic Review

See attached document.

Appendix 4: Economic Statement

See attached document.