

**Health and Wellbeing Board**

**20 November 2024**

**Inclusive Economic Strategy  
Delivery Update**



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**Report of Andy Kerr, Head of Economic Development, Durham  
County Council**

**Electoral division(s) affected:**

Countywide.

**Purpose of the report**

- 1 This report gives an update on the activities that are captured in the county's new Inclusive Economic Strategy Delivery Plan, with a focus on those under the 'People' theme. It follows the report to the Health and Wellbeing Board in January 2024.

**Executive summary**

- 2 The Inclusive Economic Strategy (IES) Delivery Plan was adopted by County Durham Economic Partnership (CDEP) and the council in late 2023. This followed the adoption of the IES in December 2022. During 2024 CDEP partners have focused on commencing and delivering the activities identified in the Delivery Plan. A new Delivery Group has been established under the CDEP to drive the commencement of new activities and the CDEP Board has overseen the overall implementation of the IES.
- 3 The IES is a bold, ambitious strategy which focuses on harnessing our strengths and opportunities to make a step-change in our economic performance by 2035. It recognises the challenges and opportunities across the county and aims to ensure that as many people benefit from growth as possible. The strategy provides a long-term focus which will drive strategic projects that aim to make a transformational improvement to the county's underlying economic conditions. The delivery plan, the first in a series of action plans, sets out the actions to be delivered in the first few years of the strategy.
- 4 The 'People' theme is at the heart of the strategy which recognises the collective belief that we can and should create more opportunities for people of all ages across the county. The health of the county's working age population is crucial to the economy, but the county has a

particularly high proportion of the workforce that are held back from achieving their potential by long-term sickness and disabilities. The Delivery Plan incorporates a range of priorities and activities that aim to support people with health issues into work and ensuring communities have facilities that support better health outcomes.

- 5 The IES was developed in response to the socio-economic impacts of Covid 19. Since this time the economy has largely recovered with most economic indicators showing improvement, but economic inactivity due to long-term sickness is an increasing challenge in the county as well as the North East region, and the UK as a whole.
- 6 Since the adoption of the IES, the council and its partners have continued the delivery of a wide range of actions to support people across the county. Government funding including the UK Shared Prosperity Fund, the Rural England Prosperity Fund and the Multiply fund and have been crucial to the delivery of tailored support for individuals and communities, including the continuation of programmes such as Durham Works. A range of new programmes have also been delivered including employability support, targeted support for people with health, personal, and family conditions that limit their ability to work. Other programmes support people to start and grow businesses and create job and business opportunities for others.
- 7 However, since the general election there has been a lack of clarity about funding that will be available after March 2025 to support the delivery of the IES. Partners are working with the new North East Combined Authority and government representatives to raise awareness of this issue and it is hoped that planned announcements by the government will resolve these uncertainties. We are consulting with partners to plan an update to the IES Delivery Plan and expect this to commence in 2025.

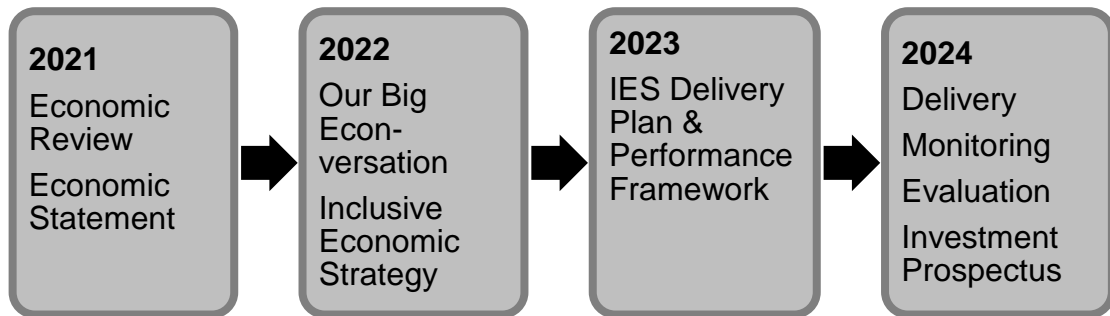
## **Recommendations**

- 8 The Health and Wellbeing Board is recommended to:
  - (a) Note the progress of delivering the Inclusive Economic Strategy.
  - (b) Note the improvements in economic performance but ongoing challenges with long-term health problems that prevent people from working.
  - (c) Note the challenges relating to funding and the continuation of activities.

## Background

- 9 The County Durham Inclusive Economic Strategy (IES) was adopted by County Durham Economic Partnership (CDEP) and Durham County Council in late 2022. During 2023, the council arranged partnership workshops and smaller thematic working groups to prepare a Delivery Plan. This was adopted by the Economic Partnership in October 2023 and the council in November 2023.

### Inclusive Economic Strategy development timescales



- 10 The vision of the IES is for *'more and better jobs in an inclusive, green economy'*, with ambitious targets and an overall aim of bridging the gap with national levels of economic performance by 2035. The county's economy has faced significant challenges over the last few decades and still needs to overcome structural weaknesses such as relatively low levels of educational attainment, low paid jobs, and high levels of poor health amongst the working age population. However, the county also has a growing profile as a place to invest and visit and a diverse range of opportunities. The IES has a long-term focus which allows a realistic chance of catching-up with national levels of performance.



- 11 The Delivery Plan builds on the structure of the IES, and its themes of People, Productivity, Place, Promotion and Planet. 'Health and wellbeing' is an explicit priority under the 'People' theme, but the intention is that other priorities and activities contribute to improved levels of health and wellbeing throughout the county. The Delivery Plan includes more than 150 actions that were developed with partners to capture activities that needed to be continued and new activities and ideas that partners identified as being important to the delivery of the IES. The Delivery Plan includes priorities that are particularly relevant to health and wellbeing including:
- (a) **Priority 1.2:** Overcome barriers to employment, including work readiness, skills, improved careers advice and guidance, and addressing poor health.
  - (b) **Priority 1.4:** Ensure good health and wellbeing leads to economic inclusion.
  - (c) **Priority 2.4:** Drive good business practices, including health in the workplace.

## **IES Delivery**

- 12 The development of the Delivery Plan provided an opportunity to bring partners together to review activities and identify gaps and new transformative and strategic actions, aligned to the IES. Throughout the development of the Delivery Plan we encouraged external partners to drive the process and identify opportunities that they - rather than the council - could lead. Partners agreed that the Economic Partnership should continue to be the lead organisation for overseeing the implementation of the Delivery Plan and identifying new activities.
- 13 Devolved revenue funding from the government through the UK Shared Prosperity Fund – which is a post-Brexit replacement for EU funding– has been crucial for the delivery of the IES. County Durham also received funding through the Rural England Prosperity Fund which takes into account the additional delivery challenges in rural areas. County Durham also received funding through the Multiply fund to address low levels of numeracy across the county.
- 14 A number of programmes have been continued and launched which focus on overcoming barriers to employment including Durham Works, Durham Advance, Reaching Out Across Durham (ROAD), Durham Enable, Durham Help. These programmes offer targeted support to specific communities such as young adults, adults, unemployed people, disabled people, and people with specific health issues that limit their ability to work. Partners identified a need for better careers advice, so a

new careers framework is in development to offer support to people of all ages across the county. Skills and training programmes have also been developed to address skills shortages in various sectors that are important to the county's economy.

- 15 The 'People' theme of the IES aims to focus on supporting people into education, training, and jobs, and to excel in their careers. The activities that have been delivered thus far have included the 'Multiply' programme which helps residents to improve their numeracy skills. This has been matched with a countywide programme to improve literacy skills named 'Communicate' as well as countywide digital skills and inclusion programmes. These programmes aim to help to overcome barriers to everyday activities and in doing so, reduce anxiety, stress, and mental health of those who receive support. The various programmes under the People theme of the IES have been successful with all on target or ahead of their programme targets. Formal evaluations will be undertaken as the programmes come to an end.
- 16 CDEP is also working with partners to promote and embed better business practices such as good working conditions, and fair levels of pay, healthier work environments, and higher environmental standards. Partners are also collaborating with one another through the County Durham Pound scheme and promoting the retention of business and wealth in the county. Partners are working together to embed community wealth building<sup>1</sup> principles and to improve the county's foundational economy<sup>2</sup>. Such principles/approaches are now gaining momentum across the region, particularly through the North East Combined Authority and the North East and North Cumbria Integrated Care Board. Work in County Durham is progressing to ensure that local approaches are aligned to regional progress. Key partners from DCC, County Durham and Darlington NHS Foundation Trust and Tees Esk and Wear Valleys NHS Foundation Trust continue to collaborate on the development of a local Anchor Network (with other key anchor organisations) to promote equitable opportunities and access to good quality employment. We are also supporting opportunities in the creative economy – such as Place Labs - to support creative, community-based projects that improve local wellbeing and lead to new work opportunities and income streams.
- 17 Partners are also delivering a range of innovation activities to support new businesses and diversify the economy as well as providing a range

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<sup>1</sup> Community wealth building is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people (source: CLES)

<sup>2</sup> The Foundational Economy is an approach to socio-economic development which focusses on the provision of everyday universal basics like food, housing, health services and transport within planetary limits (source: [foundationaleconomy.com](http://foundationaleconomy.com))

of new job opportunities. Similarly, partners are promoting the county's attractions, assets, and locations to increase investment and support more job and enterprise opportunities for residents. All five strategic business parks<sup>3</sup> are in development, which are also providing job and enterprise opportunities. Business Durham and its partners continue to work with existing businesses and potential inward investors to address skills gaps and maximise the number and diversity of jobs across the county. Similarly, town centre regeneration schemes and events are supporting new opportunities in town centres for local people, as are new and improved visitor attractions including The Story, Beamish Museum, Locomotion, and Raby Castle.

- 18 The council and its partners have been working with regional partners and neighbouring local authorities for decades and has been involved in the design and delivery of Local Skills Improvement Plans which are subregional plans focused on supporting important local business sectors with skills and training programmes. The county is also receiving regional funding for its strategic business parks, bus services and transport infrastructure, housing regeneration schemes, and skills programmes. We are also supporting regionally significant opportunities outside the county which can be accessed by our residents such as regeneration programmes in Gateshead and new manufacturing and cultural jobs in Sunderland.

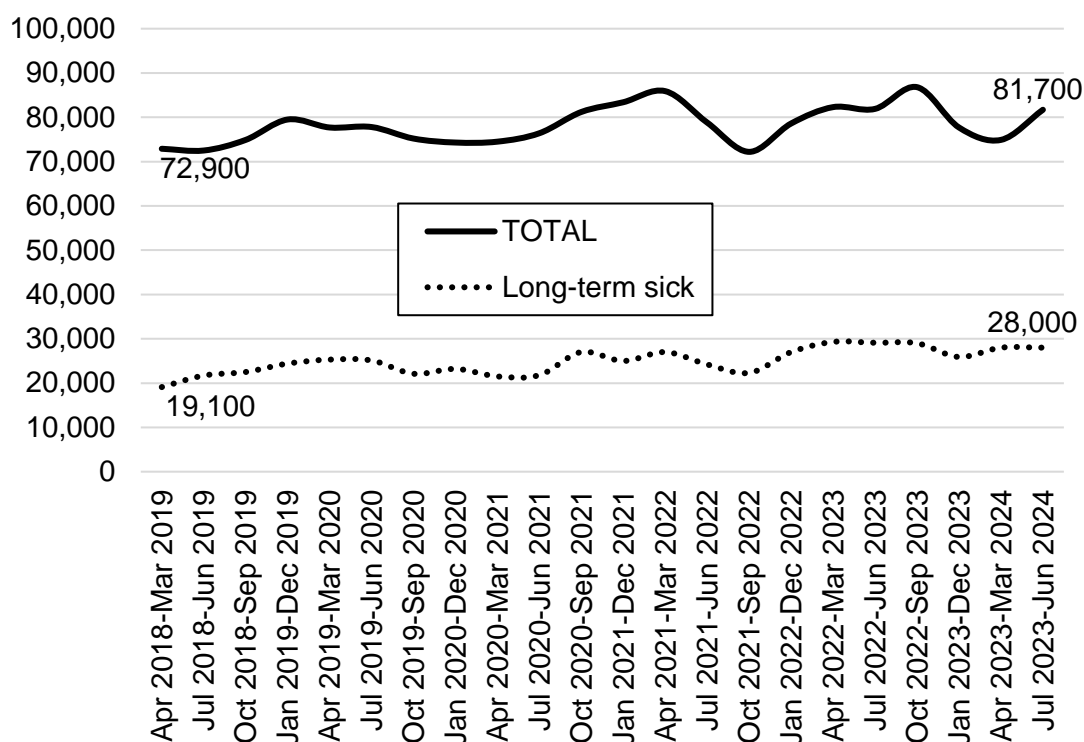
## **Economic trends**

- 19 Overall, the county's economy has returned to pre-Covid 19 levels of performance and for some indicators, exceeded these previous levels. Employment levels are high, and unemployment is low, education levels are continuing to improve year-on-year, more people are in the highest skilled jobs, and wages and self-employment are increasing. However, the quality of data for some of these indicators is known to be relatively poor, so we need to continue to monitor these trends and try to ensure improvements are sustained over the coming months and years.
- 20 The number of businesses in the county has grown marginally in the last two years. The overall productivity in the county grew at a faster rate between 2021 and 2022 than previous years, although there has been varied performance across different sectors (e.g. construction and manufacturing have seen productivity growth whereas hospitality and business services declined). Similarly, the number of jobs in the county has increased since 2019 by around 6,000, but some sectors such as retail, hospitality, and manufacturing have seen declines.

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<sup>3</sup> Aykley Heads / Durham Innovation District (Durham City), Forrest Park (Newton Aycliffe), Integra 61 (Bowburn), Jade Business Park (Murton) NETPark (Sedgefield).

## Economic Inactivity in County Durham



- 21 A key challenge for the county, as with the rest of the UK, is the large proportion of people of working age who are out of work due to long-term illnesses. The latest data shows that around 28,000 people are economically inactive<sup>4</sup> due to long-term sickness, which represents around 9% of the county's workforce. These numbers have been rising since 2019 and continue to be on an upward trend, and increasing as a proportion of all residents that are economically inactive. The data suggest that the highest increases have been in South Durham and North Durham, rates have remained persistently high in East Durham, and that the rates are highest amongst older generations.
- 22 Research by the Office for National Statistics<sup>5</sup> shows that, across the UK, health conditions are becoming more complex, particularly with a rise in mental health conditions alongside physical conditions and that it is taking longer for people to overcome their health issues. Other government research<sup>6</sup> shows a correlation between those with no, or low, qualifications and poor health. We need to continue to work in

<sup>4</sup> Economically inactive groups include 16-64 year olds who are students, retired, short term sick, long-term sick, discouraged from work, or looking after family / home

<sup>5</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>

<sup>6</sup> <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/economic-inactivity-by-qualification-level/latest/>

partnership and with communities and individuals to address these complex issues and help people to achieve their potential.

## Next Steps

- 23 In summer 2024, County Durham became part of a new North East Combined Authority (NECA) and the national general election led to the establishment of a new government which will have various impacts on the delivery of the IES. Although the council and its partners have worked closely with NECA to agree the regional devolution deal and prepare evidence bases and draft investment plans and strategies, the new government is yet to set-out its preferred approach to regional devolution and funding. In response to a request from the government, NECA has developed a Local Growth Plan which will be refined with the government over the coming months and align with the government's new [Industrial Strategy](#) and new approach to devolution.
- 24 The recent Autumn Budget outlined a one-year extension to the UK Shared Prosperity Fund, which was due to conclude at the end of March 2025. This is welcomed, but the county's allocation is not known, and the government has announced that the overall national fund will be smaller than it has been. In the meantime, we are working closely with partners to maximise the devolved funding we have and working with regional and national partners to make a strong case for future funding. More details of the government's approaches to funding and devolution are expected in the coming months and in the Spending Review in Spring 2025.
- 25 Given the current uncertainties, we feel it would be sensible to formally review the IES and delivery plan in 2025, as set-out in the HWB report in January. Progress updates are being prepared for CDEP Board and the council's Cabinet and Economy and Enterprise Scrutiny Committee in the coming months to agree the next steps.

## Background papers

- [Cabinet papers](#) for the Adoption of the Inclusive Economic Strategy Delivery Plan, November 2023.
- [Inclusive Economic Strategy](#)

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## **Appendix 1: Implications**

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### **Legal Implications**

The IES and Delivery Plan will aid negotiations for the devolution of powers from the Government to the region and county.

### **Finance**

The IES and Delivery Plan is being used to inform decisions on how the UK national, regional and locally devolved funding is invested. It will also be used to attract private investment to the county and inform council spending. The conclusion of funds that were devolved by the previous government in coming months, and lack of clarity on funding from the new government, is causing uncertainties and is likely to lead to different approaches to the delivery of the IES and Delivery Plan. Partners are maximising the resources available before the programmes end.

### **Consultation**

The IES and Delivery Plan has been developed in partnership with CDEP partners and DCC colleagues using evidence from the Economic Review and Our Big Econ-versation. The Economy and Enterprise Overview and Scrutiny Committee has provided a local voice during the development of the Delivery Plan. The Delivery Plan identifies the need for further partnership working to develop ideas into projects and consultation with local residents and businesses will help us to evaluate successes and needs.

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

A full Equalities Impact Assessment was undertaken as part of the development of the IES. There are existing inequalities across our county, for example in health, education, connectivity, skills and employment. The IES and Delivery Plan aim to remove the barriers that residents face to employment, from skills to transport to health, addressing the inequality experienced between and within some of our places and ensuring that the benefits of growth are shared fairly amongst our people and places.

The IES aims to attract investment, create new and better jobs, and support new enterprise and innovation opportunities across the county whilst having a positive impact on local environments.

The impacts of the Delivery Plan will be regularly assessed and reported, and we will have a performance framework in place to identify the economic performance of different areas of the county in order to design suitable projects and actions.

## **Climate Change**

The green economy is a key element of the IES and actions which have impacts on the Planet are identified throughout the Delivery Plan. The Performance Framework mirrors the headline objective in the County Durham Climate Emergency Response Plan to substantially reduce carbon emissions by 2035 and achieve net zero by 2045.

## **Human Rights**

None.

## **Crime and Disorder**

None.

## **Staffing**

Implementing and monitoring the implementation the IES and Delivery Plan, requires significant staff time and resources. The conclusion of the UK Shared Prosperity Fund (UKSPF) in March 2025 means that it is likely that some posts and staff that have been funded by the UKSPF and other funds are likely be lost in the coming months, although it is hoped that new funding will be secured to allow us to retain some posts and staff.

## **Accommodation**

None.

## **Risk**

None.

## **Procurement**

None.