

Business & Enterprise Framework

Delivering Business & Enterprise in County Durham

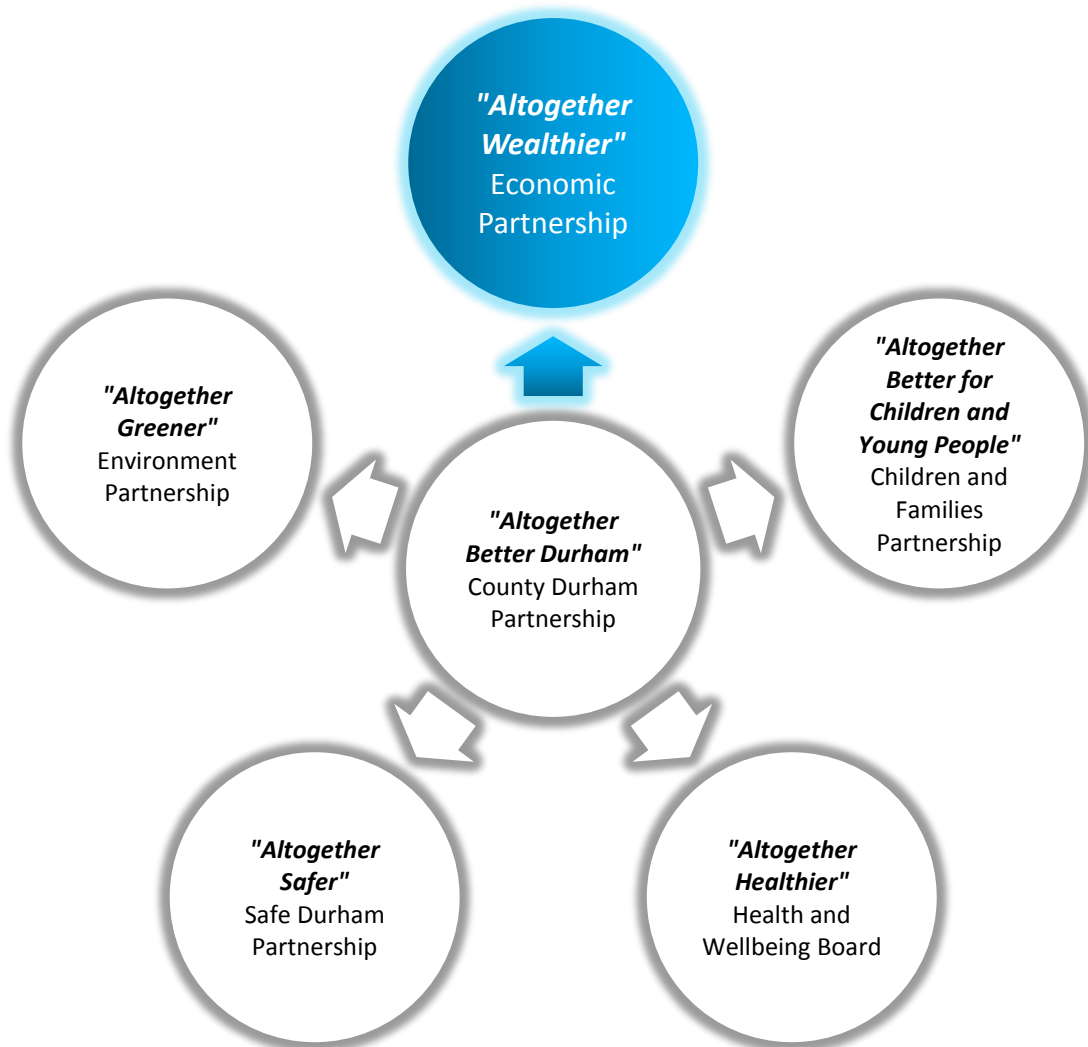


County Durham
Economic Partnership

County Durham Economic Partnership (CDEP)

The CDEP is the strategic partnership for Regeneration and Economic Development for County Durham. Established in 1994 it now comprises over 60 public, private and voluntary sector organisations involved in the economic development and regeneration of County Durham.

Our Sustainable Community Strategy provides a framework for partnership activities across the County under the vision of an “Altogether Better Durham”. CDEP delivers the “Altogether Wealthier” vision alongside four other thematic partnerships that sit under the umbrella of the County Durham Partnership.



Foreword

This framework celebrates and uses the unique assets of County Durham to support business and economic growth. There are a number of strengths that are worthy of highlighting:

- We are home to one of the top 100 universities in the world.
- We have a successful science park in NETPark at Sedgefield, and businesses that have world-class technical capabilities.
- County Durham businesses supply the most efficient car plant in Europe.
- We host multinational businesses bringing global expertise.
- We have home-grown businesses with a global presence.
- We have expanding businesses creating new jobs and wealth.
- We have a growing start-up culture and a diverse spectrum of small businesses.

Through this framework, and with your help, we will support businesses of all sizes in the County to strengthen its economy, inspire its people and improve the quality of life for all of its residents.

[Professor Brian Tanner](#)

Chair of County Durham Economic Partnership

[Sue Parkinson](#)

Chair of Business, Enterprise and Skills Working Group

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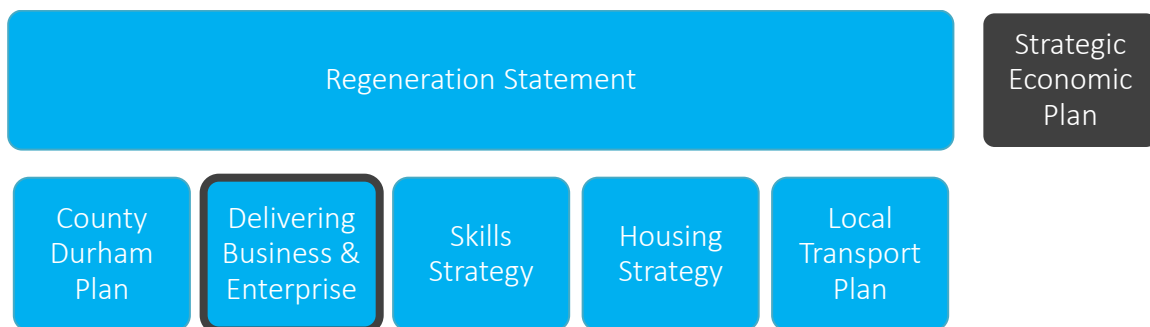
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Strategic Context

This Business & Enterprise Framework replaces the Business, Enterprise and Skills (BES) Strategy which was adopted by CDEP in 2012 and is aligned with other County Durham strategies for skills and infrastructure as well as the North East Strategic Economic Plan.

This framework will primarily contribute towards the delivery of the *Altogether Wealthier* theme of the County Durham Partnership. It will specifically contribute directly towards the strategic objectives of making the County ‘*A Top Location for Business*’ as well as supporting the development of more ‘*Competitive and Successful People*’.

The County’s Regeneration Statement provides an overview of how the Altogether Wealthier theme translates to a high-level vision for the County. Beneath this, the County Durham Plan sets the spatial strategy for the County and identifies where, and how much, development will take place. The County’s Skills Strategy sits alongside the County Durham Plan with the purpose of raising the skills and education levels of workers. Each of these strategies support economic growth, but leave a gap for a strategy which focuses on supporting businesses and creating jobs.



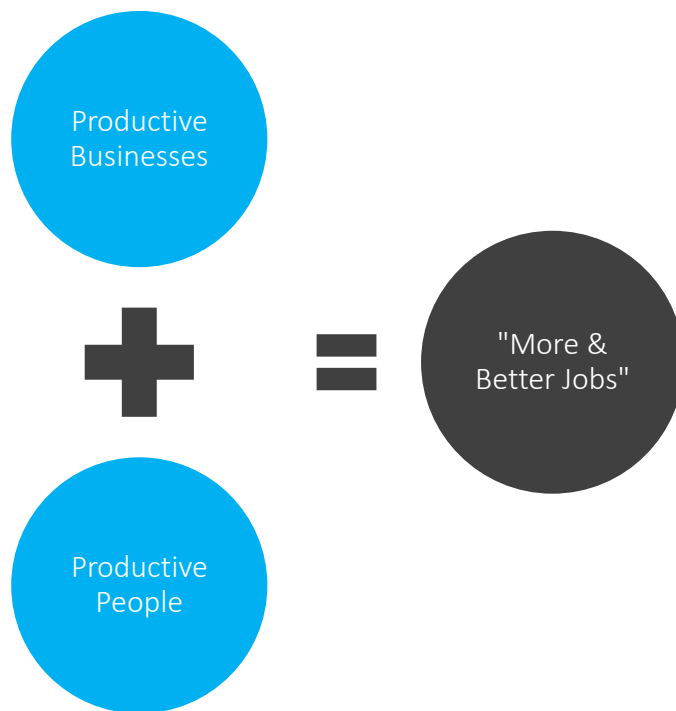
With continuing cuts and pressures on the public sector to deliver services more efficiently, we anticipate that the majority of new jobs in the county will be in the private

sector. Our focus is therefore on supporting private sector growth to help balance the County's economy and improve its long-term sustainability. The main measure of success that we will use is *Gross Value Added (GVA) Per Filled Job* whereby the County performs at 84% of the national average (compared to 60% using the GVA per head measure). Together the generation of more jobs and a higher proportion of more productive jobs in the County will boost overall productivity – bringing the County's performance closer to the national average.

Our focus on more and better jobs will also help partners to maximise their resources. It will enable targeted support for businesses and enterprises that have the skills and experience to operate profitable businesses which means we can achieve better returns on the time and resources invested. By concentrating on improving the productivity of job we will focus a higher proportion of business support towards businesses and enterprises in sectors that are more productive and will drive economic growth.

Sitting alongside this framework, the Skills Strategy has the aim of raising the achievement of higher-level skills and education levels in the County in order to support more creative and growth-oriented businesses. This in turn will generate more demand for higher-level skills and qualifications, and improve the overall strength of the economy.

In order to do this, the Skills Strategy focuses on improving the qualifications and skills of the County's workforce – particularly improving the proportion of residents with A-level qualifications, reducing the proportion of residents with no qualifications, and increasing the proportion of residents that are in work. It also aims to improve the demand for skills by businesses; particularly the completion of more apprenticeships and improving the way partners share and use skills information and support employers. The Skills Strategy has the following objectives linked to the business agenda:



- Develop skills to meet the demand for growth sectors
- Increase the number of apprenticeship opportunities
- Stimulate demand for higher level skills to increase productivity and growth

Durham in a Regional Context

The North East Combined Authority (NECA) leads the programme for the devolution of power, funding and responsibilities to the North East (excluding Tees Valley). Working with partners, NECA is responsible for coordinating the development of the region's strategic transport networks. Similarly, it coordinates delivery partners and employers to improve the opportunities for local people to access training and gain the skills they need to find jobs. NECA is also responsible for various funding streams to support economic development and regeneration initiatives.

NECA provides the formal accountability arrangements for the North East Local Enterprise Partnership (NELEP). NELEP brings together business leaders, universities, and elected members to coordinate economic growth across Tyne and Wear, Northumberland and County Durham. In 2014 NELEP published its Strategic Economic Plan (SEP) with its overall intention to generate "More and Better Jobs". Its aim is to generate 100,000 additional jobs by 2024, bringing the number of jobs in the area to 1 million. Furthermore, the ambition is to ensure that 60% of these new jobs are high skilled and higher paid positions in the private sector.

At corporate level, NELEP has boards for business growth, innovation, and employment and skills. These thematic groups are chaired by leading figures and include representatives that can influence and drive improvements to the regional economy. They will also provide a means of tracking and steering investments and support for businesses and workers across the region. NELEP also coordinates three enterprise zones for low carbon transport, renewables, and offshore and subsea engineering; although none of these are in County Durham.

The North East Farming and Rural Advisory Network (NEFRAN) provides the voice for rural parts of the North East. It leads the development of rural policy and projects on behalf of NELEP and also links to the CDEP through the Rural Special Interest Forum (aka Rural Working Group). In 2011 it established one of five national Rural Growth Network pilots with the Department for Environment, Food and Rural Affairs (Defra) and has delivered

new enterprise space and tailored business support programmes. It has also championed the Digital Durham programme which has been accelerating the delivery of broadband across the County.

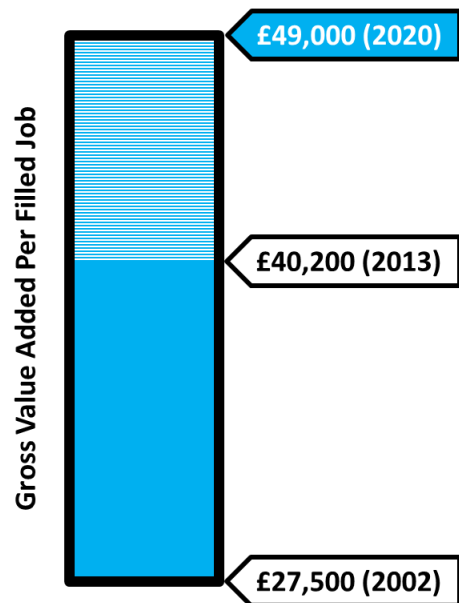
CDEP links to a wide range of other partnerships and networks across County Durham and beyond, notably with key partners such as Durham University, Further Education Colleges, business membership organisations, enterprise agencies, Jobcentre Plus, property development and management companies, community partnerships, the voluntary and community sector, and Durham County Council.

Vision

Our vision is to grow the private sector in County Durham by improving Gross Value Added Per Filled Job by £1,200 per annum to achieve a target level of £49,000 by 2020. We will do this by extending sectors, increasing the number and quality of private sector jobs, encouraging innovation, and improving market access.

County Durham's economy is well positioned to grow. This framework has been developed in response to improving economic conditions in County Durham, the North East, and the UK.

Recognising the joint drivers of productivity and job creation - linked to the quality of jobs - we will use a new measure of GVA Per Filled Job which has not previously been used by CDEP. This relates directly to the creation and retention of better jobs in the County and links to CDEP's five main measures of success (see the Context and Supporting Business sections). It will also help us to close the gap between the economic performance of the County and regional and national performance.



Our framework has been developed around three key areas that will help partners to target business support:

- Business Sectors
- Business Competencies
- Business Geography

We will deliver more and better jobs by supporting businesses to be as productive as possible on the basis that:

- Productive businesses are efficient and sustainable businesses, they employ well educated and highly skilled people, and have the potential to grow and employ more people.
- Productive businesses attract investment and re-invest in themselves; they create demand for other products and services in the economy and generate opportunities for other businesses.
- Productive businesses innovate and create new products.

Productive businesses demand productive people - with the right attitudes, skills and education, and because of this they are profitable, pay higher wages, and help raise local living standards and raise demand for local goods and services.

Economic & Business Profile

There are more than 16,400 workplaces¹ in County Durham, with around 13,000 of those being businesses registered² in the County. The County accounts for more than one quarter (26%) of the total business stock and workplaces in the NELEP area.

The main economic opportunity for the County is to continue to support private sector growth and that is the focus of this framework. There are likely to be limited opportunities for the public sector to grow; employment in public administration is falling and employment in education is plateauing. However, there will be opportunities in the healthcare and education sectors for businesses to develop specialist services and products – areas where the public sector has traditionally taken the lead.

The Size of the Private Sector in County Durham

Indicator	Private sector	% of total economy
Gross Value Added (2012)	£4.2bn	70%
Business stock (2015)	12,940	99%
Workplace-Based Employment (Oct. 2014 – Sept. 2015)	131,496	64%

The private sector was worth around £4.2 billion to the County Durham economy; accounting for 70% of the total economy. A similar proportion of people (64%) work in the

¹ An individual site (for example a factory or shop) associated with an enterprise

² Registered businesses include those paying PAYE and / or VAT

private sector but, in stark contrast, most (99%) of business organisations that are registered in the County are in the private sector.

Through the development of this framework, we have re-classified private sector industries. Using this classification, the largest proportion of **business workplaces** (3,355) in the County are involved in ‘business, professional, financial, logistics and distribution services’. Almost all of the businesses (99%) in this sector are micro or small in size; very few (1%) are medium-sized or large³. The second largest sector in terms of **workplaces** in the County (3,215) is the ‘retail, personal and rental services’ sector, which has a very similar profile; predominantly micro and small workplaces. This is much the same for the other sectors in the County except for ‘manufacturing and engineering’ and ‘healthcare’.

The manufacturing sector is the third smallest sector in the County in terms of workplaces, but has a greater proportion of medium-sized and large employers – suggesting that on average, the workplaces in this sector are larger than in those mentioned above. Similarly, the ‘healthcare’ sector is the second smallest sector in the County in terms of the number of workplaces, but has a very similar profile to manufacturing in that there are a larger proportion of medium and large workplaces. As a result, these sectors employ a disproportionate number of people compared to the numbers of workplaces in the County and the data illustrates that start-up activity in these is lower than in the other industries.

There is no clear spatial pattern to business start-up activity⁴, although the highest levels are in the most sparsely populated rural parts of the County, and towns such as Consett, Durham City, Newton Aycliffe, and Spennymoor. Start-up activity, in terms of new business bank accounts opened, tends to be low in deprived parts of the County.

County Durham’s economy is inextricably tied to that of the UK and therefore national rates of interest, inflation, pay and other conditions impact on the performances of businesses in the County. The UK economy is strengthening in broad terms and whilst there are threats to this performance, in the main, the County is well positioned to grow:

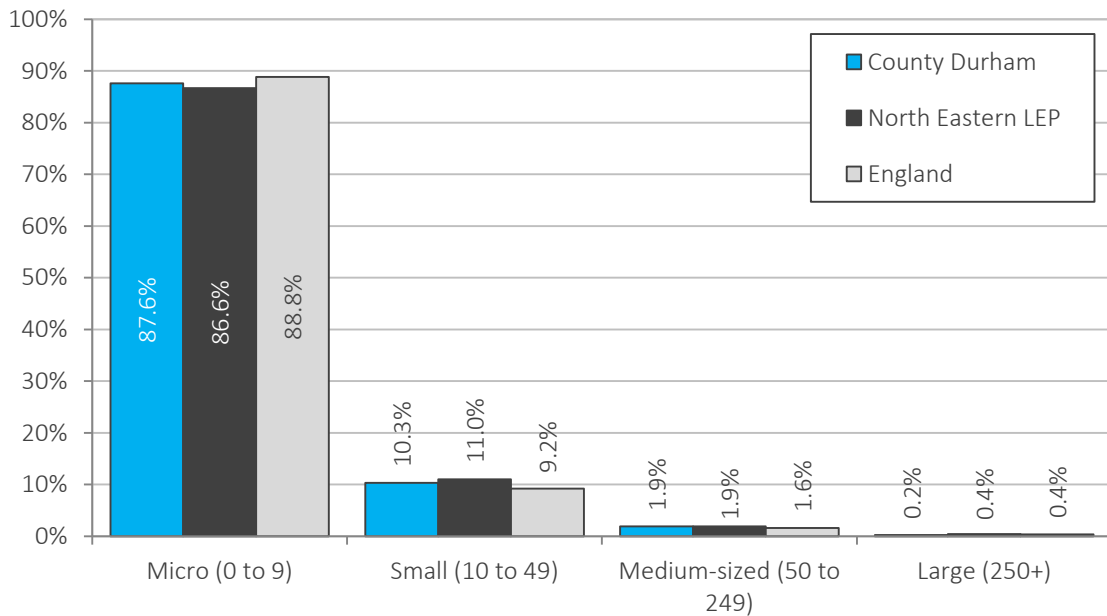
- There are more than half a million residents in the County with one quarter of a million workers, and more than 190,000 jobs in the County.
- In the last two and a half years employment levels have shown consistent growth, with almost 12,000 more residents in employment.

³ Micro businesses have 9 or fewer employees. Small businesses have between 10 and 49 employees. Medium-sized businesses have between 50 and 249 employees. Large businesses have 250 or more employees.

⁴

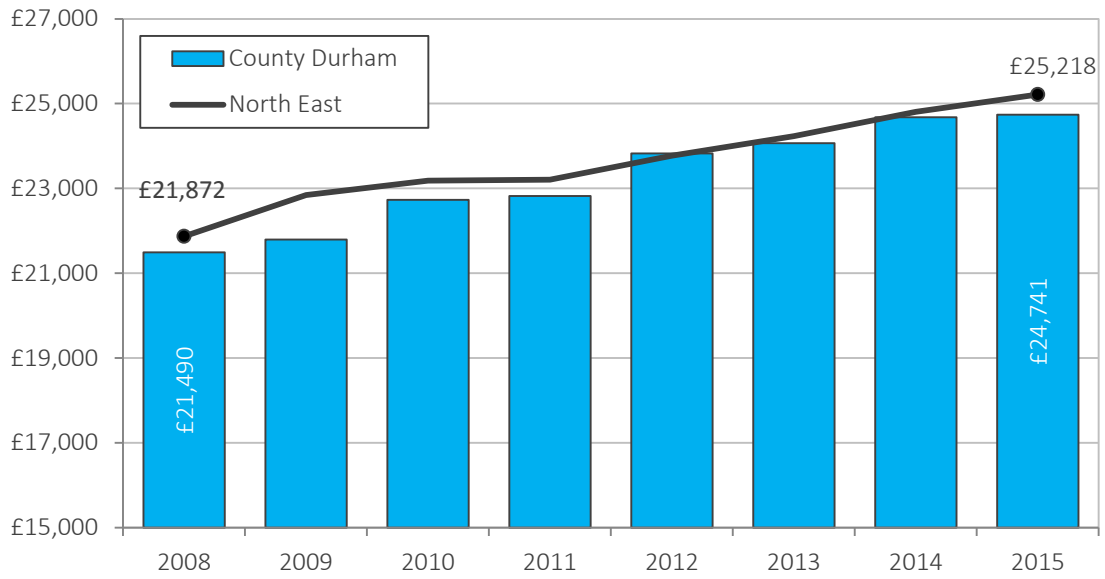
- There has been a shift in the types of jobs in the County, with higher-skilled jobs replacing low-skilled work. The number of residents in managerial and professional positions has increased by around 5,000 since 2008, whereas the numbers employed in elementary, routine and sales jobs has fallen by 6,000.
- The establishment of Hitachi Rail and the headquarters of Atom Bank, the retention and expansion of existing businesses and growth of indigenous businesses such as Ebac, Dyer Engineering and others, have generated positivity about the future prospects for the County and region.
- The County has an abundance of employment land in locations that are most attractive to businesses and investors; in the A1, A19, and rail corridors, and the largest population centres of the County including Durham City.
- Self-employment has increased from 19,000 to 29,300 in the last two and a half years.

Profile of the size of businesses in County Durham



- Some 98% of businesses registered in the County are micro or small in size which is comparable to the profile of business stock in England and the NELEP area.
- Average wages in the County (£24,741 per annum) are competitive and in-line with the regional average (£25,218 per annum).

Average wages in County Durham



Supporting Businesses

County Durham's towns play an important role as centres for businesses and the quality of business premises is continually improving. Our main growth corridors are the A1 and A19 and we have the opportunity to develop Durham City as a much stronger economic driver.

Business Infrastructure

Towns with industrial estates and business parks adjacent to the A1 and A19 corridors have become growth poles for established businesses in the County as well as businesses locating to the County. There are a number of important medium-sized and small businesses in traditional industrial areas outside these corridors such as Consett, Stanley, Bishop Auckland, Crook, and Shildon, which provide a range of products and services and provide thousands of local jobs. GSK in Barnard Castle provides thousands of local jobs in a range of occupations and is one of the largest private sector employers in the County.

Across the County, there is a wide range of modern private and publicly-operated business units for new, micro and small enterprises across the County. These are complemented with the roll-out of high speed broadband across the County – including the connection of some of the most remote communities – enabling people to start-up and operate businesses from anywhere in the County. Home-based businesses and homeworking are growing trends which allow business owner-managers and workers to use work and home space more flexibly – but there is likely to remain a demand for specific business premises in the foreseeable future.

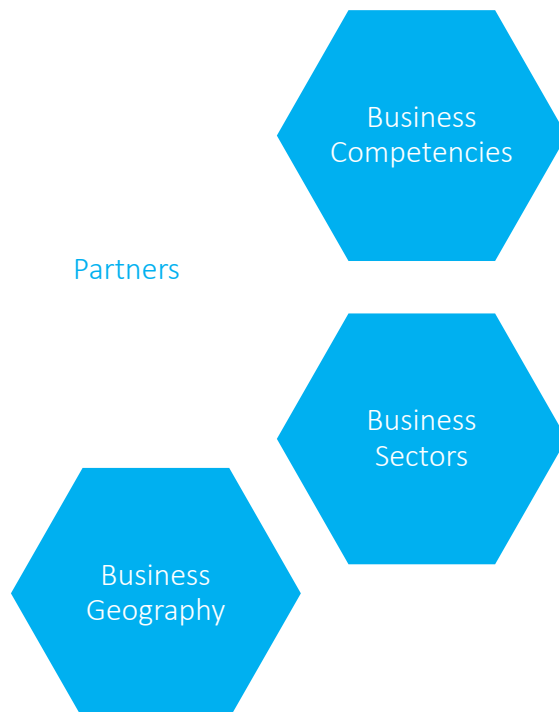
Aycliffe Business Park has re-established itself as an important business location with a wide business base including clusters of automotive suppliers and the arrival of Hitachi Rail. Peterlee has a similar business profile to Newton Aycliffe and is home to many of the larger sized employers in East Durham, such as Caterpillar, as well as a range of businesses that supply specialist components and products to the domestic and international automotive industry.

NETPark in Sedgefield is now an established science park and home to multinational businesses such as Kromek and organisations such as the Centre for Advanced Instrumentation involved in cutting-edge international research. NETPark Net is an innovation network that goes beyond the NETPark estate to other parts of the region and beyond; promoting the County throughout the world.

Targeting Business Support

This framework has been developed around three key areas that will help partners to target business support.

- **Sectors:** Our main emphasis is on supporting private sector businesses through this framework. We have redefined traditional sectors in order to target business support in a way that is meaningful for partners who provide business support. Eight distinct sectors have been identified and a framework has been developed to measure growth in these sectors using employment, business stock, and productivity.
- **Business Competencies:** Businesses grow on the basis of a range of corporate values and objectives and the abilities and experience of their management teams. In order to grow sustainably, businesses often need support to harness or change some of these to develop competitive advantages. We have therefore set out the main business competencies that partners will support through this framework. From this we can target support as well as identifying gaps in relation to the services and advice that is currently available to businesses in the County.
- **Business Geography:** By mapping business stock and employment, we have identified specific strengths and specialisms relating to the County's main towns – the locations for the majority of our businesses. This will help partners that offer business



support to target specific locations to optimise their services for local businesses.

Sector Classification

At an early stage in the development of this framework, partners identified that traditional industrial sectors, as classified by the Office for National Statistics, were not a suitable basis for targeting business support. Partners were also clear that this framework would focus on supporting private sector businesses to contribute more to the economy. In this respect the new classification should not include the public sector. The framework does however have a role in aligning and coordinating public sector resources to support businesses. Industrial sectors in the private sector have therefore been classified into 8 distinct categories:

- **Manufacturing & Engineering:** A key sector, which has a greater role in County Durham than in the North East or nationally and is seen as a future driver of growth and exports.
- **Healthcare:** A sector in which the North East has research specialisms which support medicine producers and where there are opportunities for businesses to win public sector contracts and deliver niche services such as specialist social care services.
- **Information & Communication Technologies:** A comparatively small sector in County Durham but which supports a range of businesses and has potential to grow.
- **Business, Professional, Financial, Logistics & Distribution Services:** The County has a relatively small proportion of business, professional and financial services, but nevertheless there are some small and medium-sized businesses with growth potential. Logistics and distribution services play an important role in supporting manufacturing, retail, and other businesses and is a growing sub-sector in County Durham.
- **Cultural, Creative, Tourism & Leisure:** This sector is growing in importance in County Durham, not only in terms of job creation, but also promoting and bringing new people and investment to the County, improving the overall quality of life.
- **Construction, Building Maintenance & Real Estate:** County Durham has numerous small and medium sized businesses in this sector which has potential for growth as the overall economy returns to growth.

- **Utilities, Extraction, Primary Industries & Processing:** This sector is important to County Durham in terms of businesses based in the County and also maximising the use of the County's natural resources.
- **Retail, Personal & Rental Services:** This sector has seen significant growth in terms of business start-ups in recent years - the challenge is to help them survive and grow in the face of challenging market conditions.

These headline sectors have been refined into more detailed business activities and products (see below). Where businesses fit across a number of these activities, they will be classified based on their main business, products or the aspect of the business (e.g. product development, finance, human resources) receiving support. This will help to target, monitor, and refine support. The table below shows the main sectors and sub-sectors in County Durham using this bespoke methodology.

Classification of Main Sectors and Sub-Sectors in County Durham

sector	Manufacturing & Engineering	Healthcare	Information & Communication Technologies	Business, Professional, Financial, Logistics, Distribution Services	Cultural Creative, Tourism & Leisure	Construction, Building Maintenance & Real Estate	Utilities, Extraction, Primary Industries, & Processing	Retail, personal and rental services
Sub-sector	Original Equipment Manufacturers	Pharmaceuticals	ICT Infrastructure	Management consultants	Artisan Original Equipment Manufacturers	Planning, civil engineering, design, architecture consultancy	Energy Producers / suppliers	Retail and high street-type businesses
	Manufacture or assembly of raw products, components and packaging	Personal healthcare services	Hardware providers	Financial, insurance and estate management services	Cultural attractions	Construction, maintenance, and cleaning	Water & sewage treatment	Mobile businesses
	Product design & development	Healthcare equipment	Software developers	Warehousing & storage	Venues & accommodation	Landowners and estate agents	Recycling	Rental /hire services
	Fabrication		Web content developers	Postal / freight / distribution services / rental of goods vehicles		Skilled trades people	Extraction of minerals and fuels	Wholesalers
	Process industries, chemicals, food and drink, textiles, metals, wood, plastics, glass, ceramics		Publishers / production specialists	Passenger transport			Growing of crops, foods, plants, raising of animals	Sales of specialist goods
	Skilled trades people and repairs and installation of heavy machinery / equipment / vehicles			Deliverers of professional advice				Pubs, bars, restaurants, cafes, take-aways

Sector Geography



















































































The employment and business stock data (which indicates workplaces) that was used above to indicate the size of the eight sectors in the County has been mapped. For each sector two maps have been produced; one showing business clusters, and one showing employment clusters.

The table below summarises these findings and approximates the clusters of businesses and employment to the County's largest towns and rural areas to indicate the geography of sector clusters across the County.

The largest towns, industrial estates and business parks in the County generally show as business and employment clusters. In contrast, rural areas show as having numerous business clusters in different sectors but few employment clusters. The analysis shows that manufacturing and engineering is a clear strength in Peterlee and Spennymoor; whereas other similar sized towns have more diverse industrial bases.

This analysis will be used to ensure the right kind of business advice is targeted to the different types of businesses in the different parts of the County. Through the Skills Strategy it will also be used to target education, skills and training programmes which relate to the local industries across the County.

Business Geography: Matrix of Business and Employment Clusters

Area	Main Town / Sub-Area	Manufacturing & Engineering	Healthcare	Information & Communication Technologies	Business, Professional, Financial, Logistics & Distribution Services	Cultural, Creative, Tourism & Leisure	Construction, Building Maintenance & Real Estate	Utilities, Extraction, Primary Industries & Processing	Retail, Personal & Rental Services
West Durham	Barnard Castle								
	Rural West								
South Durham	Bishop Auckland & Shildon						 		 
	Spennymoor	 							
	Crook								
	Newton Aycliffe	 				 	 	 	 
	Sedgefield			 					
North Durham	Chester-le-Street								
	Consett & Stanley	 	 	 		 			
Central Durham	Durham City		 	 	 	 	 		 
	Rural Central						 		
East Durham	Peterlee	 							
	Seaham								
	Rural East			 	 				

 Business Cluster  Employment Cluster

Business Competencies

The main focus of this framework is to support businesses that want to grow and those people who aspire to set-up businesses and ensure they have the right support to enable them to operate efficiently and profitably. In order to target business support we have developed an understanding of core business competencies; those attributes, businesses and people within them that are key components of sustainable businesses. Businesses can obtain support from a variety of organisations across the world. Within County Durham and the North East, there are a range of partners already delivering business support, so the purpose of this process is to begin to identify potential gaps and opportunities that we can address.

The graphic below outlines the core business competencies, and this is followed by an analysis of each of these and the identification of sub-competencies. These in turn have been analysed to form the basis of the action plan for the framework.



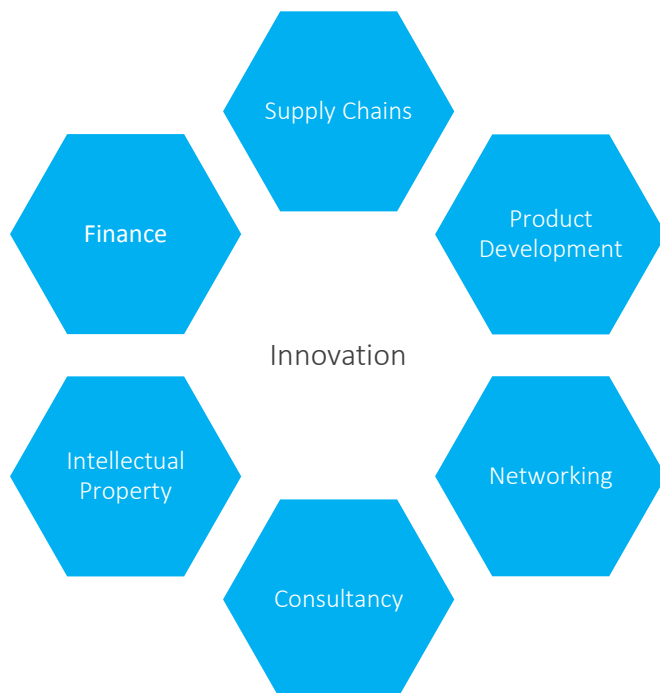
New Markets

Businesses need to identify and access new domestic and international markets for products and services through the development of marketing and exporting to new countries and markets. This may also involve the development of existing or new products and services which are likely to involve investment and the development of different sales processes and routes and perhaps the extension of existing knowledge and the development or acquisition of new skills.



Innovation

Innovation is vital for successful businesses in terms of differentiating themselves and their products, services, and practices from competitors. Businesses with unique products, technology and brands will need to ensure they are properly protected. Businesses should continually assess their own efficiencies in order to reduce costs and improved profitability.



Access to Finance

Cash-flow is a key issue for most businesses and, in addition to turnover, most will need a range of financial support in order to operate from overdraft facilities to loans. Access to finance is also key for growing businesses wishing to invest in new staff, machinery, ICT or wish to acquire or merge with other businesses. In this respect it is vital that we ensure that there is an adequate network of advice available so that businesses can make the right financial decisions.



Supply Chain Management

Successful businesses need to ensure that the goods and services they procure are consistent in quality and also received on time. Supply chain management is important for businesses in a range of sectors – particularly those selling tangible goods whether these are components for other companies or final products for market. In the services sector, it is also vital that advice, finance, and legal support, for example, are provided at the right time to ensure businesses run efficiently.



Skills Development

Efficient and sustainable businesses need directors and managers who lead the business and employees effectively. Although these are internal issues, businesses may need external support to identify opportunities to make and implement improvements.



Productivity

There may be a variety of changes that businesses can make in order to improve the number of products or services they produce and sell. In addition to technological improvements changes to the way employees work may lead to greater productivity. Businesses may need support to identify the wide-ranging issues that affect productivity as well as help to implement improvements.



Measuring Business & Enterprise Growth

Throughout the development of this framework, partners were keen to ensure that it would enable them to target business support and provide a means of measuring its impacts. A framework has been developed to measure economic growth in the County with 'Gross Value Added Per Filled Job' as the headline indicator.

We have chosen to use GVA Per Filled Job as our main measure of growth for a number of reasons:

- The County's economic performance is closer to the national average compared to other GVA Measures. This gives a more accurate and positive image about the performance of businesses, and makes the objective of matching national performance more realistic and achievable.
- It reflects the quality of jobs and occupations in the County and wage levels – which we need to improve in order to make the County's economy more robust and sustainable, and less prone to future economic recessions.
- It helps us to estimate the value of jobs in different sectors, highlighting those that drive growth. It also provides a meaningful measure for estimating the impacts of individual businesses and for targeting business support.
- It will help us to track changes in the overall living standards in the County.
- It is a relatively stable measure of performance compared to other measures (e.g. employment).

Over the last decade, GVA Per Filled Job in the County has increased by an average of £1,175 per annum, from £27,499 to £39,254 in 2012. This period includes a significant economic downturn whereas in the coming years we expect there will be businesses locating to the County, businesses will be growing, skills levels will be improving, and there will be growing positivity about the national, regional and local economies. On this basis we are confident that GVA Per Filled Job will grow at a higher rate up to 2020. Our target is to raise this to at least £1,200 per annum.

GVA Per Filled Job will improve with the achievement of other headline CDEP growth measures including growing the County's business stock, improving household income, and reducing deprivation.

In addition to using GVA Per Filled Job as our main measure, we will use a range of other trackers, primary, and secondary measures to record economic growth and test the impacts of this framework. These are shown below and include a mix of national data and outputs from businesses that receive support.

County Durham Economic Partnership: Measuring Our Success

The main measures of success for CDEP are to achieve the following by 2030:

- Employment rate will return to a pre-recession peak of 73% and be maintained at or above that level.
- Gross Value Added Per Capita will rise to 90% of the regional value as a consequence of the improving employment rate.
- Gross Household Disposable Income will rise to 90% of the national value.
- The number of LSOAS in the County which are ranked nationally in the top 20% of the Index of Deprivation's employment domain will be reduced to below 100.
- Increase the number of homes completed per year (target TBC)

Indicator	Type	Source
Total Gross Value Added	Tracker	ONS
Per Head	Tracker	ONS
Per Head (Indexed)	Tracker	ONS
Per Sector	Tracker	ONS
Jobs Created by Public Investment	Primary	CDEP Partners
Jobs Created by Geography	Primary	CDEP Partners
Business Turnover Increase	Primary	CDEP Partners
Business Profit Increase	Primary	CDEP Partners
Business Reinvestment (R&D, training, skills)	Primary	CDEP Partners
Workplace-Based Private Sector Employment	Secondary	ONS
Comparison to North East	Secondary	ONS
By Sector	Secondary	ONS
By Occupation	Secondary	ONS
Private Sector Business Stock	Secondary	ONS
By Sector	Secondary	ONS
By Size	Secondary	ONS
Employment Rate (resident-based)	Secondary	ONS
Business Density	Secondary	ONS
Start-Up Density	Secondary	CDEP Partners
Average Wages	Secondary	ONS
Gross Disposable Household Income	Secondary	ONS

Using this Framework

This framework has been developed to support businesses and enterprises across County Durham. This document positions the framework alongside other CDEP strategies and sets the overall direction. It is complemented by a detailed analysis of how the business support landscape supports the development of Business Competencies. This, alongside the Business Geography analysis, provides the main underpinnings of an action plan.

This framework sits within a network of strategies which need to be understood in order to unlock additional finance and more and better business and enterprise support.

National Economic Strategy

The Government’s main economic strategy for the UK is its ‘*Productivity Plan*’; also known as ‘*Fixing the Foundations: Creating a More Prosperous Nation*’. It sets out a framework for raising productivity as a means of improving living standards, and focuses on two pillars of activity, with fifteen main areas of activity.

Summary of National Productivity Plan

Long-Term Investment	A Dynamic Economy
Businesses investing for the long term <ul style="list-style-type: none"> • Competitive tax system • Rewards for saving and investment 	Flexible, fair markets <ul style="list-style-type: none"> • Planning freedoms and more houses • A higher pay, lower welfare society • More people able to work and progress
Skills and Human Capital <ul style="list-style-type: none"> • A highly skilled workforce 	Productive Finance <ul style="list-style-type: none"> • World leaders in investing for growth

<ul style="list-style-type: none"> World-leading universities 	
<p>Economic Infrastructure</p> <ul style="list-style-type: none"> A modern transport system Reliable and low carbon energy World-class digital infrastructure 	<p>Openness and Competition</p> <ul style="list-style-type: none"> Competitive markets with less regulation Openness to international investment
<p>Ideas and knowledge</p> <ul style="list-style-type: none"> High-quality science and innovation 	<p>Resurgent Cities</p> <ul style="list-style-type: none"> A rebalanced economy and thriving Northern Powerhouse

Government notes that the employment rate in the UK strong, but productivity is low compared to other G7 nations such as Germany and the US. Raising productivity levels will improve the overall strength of the economy, improving public finances, improving household income and, therefore, raising living standards.

The Government also has a ten-point plan for improving rural productivity which recognises the contribution of rural areas to the national economy. It recognises that rural economies are diverse and are attractive to knowledge-based, creative and home-based businesses. Furthermore it recognises that rural areas are attractive to highly skilled people seeking a high quality of life and high wage occupations.

Summary of Rural Productivity Plan

Fully Connected to the Wider Economy	<ul style="list-style-type: none"> Extensive, fast and reliable broadband High quality, widely available mobile communications Modern transport connections
A Highly Skilled Workforce	<ul style="list-style-type: none"> High quality education and training Expanded apprenticeships in rural areas
Rural Business Growth	<ul style="list-style-type: none"> Enterprise zones in rural areas Better regulation and improved planning for rural businesses
Easier to Live and Work	<ul style="list-style-type: none"> More housing Increased availability and affordable childcare
Greater Control	<ul style="list-style-type: none"> Devolution of power

Strategic Economic Plan

Partners throughout County Durham have played a vital role in the development of NELEP's Strategic Economic Plan (SEP). The plan's principal aim is to support employment growth by supporting the creation of 100,000 jobs by 2024, and achieving the national employment rate in the NELEP area. The SEP includes six main strands of activity and a range of projects in County Durham:

- **Innovation:** The SEP makes a commitment to supporting Innovation Hubs such as NETPark and the Centre for Process Innovation (CPI) in Sedgefield, as well as centres for renewable energy, healthcare, automotive manufacturing, and software. It also recognises Durham University's research collaboration with Proctor & Gamble to develop more innovative products – based on the University's competence in surface science - as an emerging asset alongside others such as sub-sea technology, design, life sciences, and electric vehicles. Under the theme of 'smart-specialisation', the plan is also supporting surface sciences in County Durham and the vertical integration of industrial activities such as Hitachi Rail in Newton Aycliffe, Nissan in Washington, and others mentioned above. NELEP will enable partners to access funding to enable and accelerate business innovation, enable businesses to attract and recruit more innovative people, and promote innovative businesses.
- **Business Support & Access to Finance:** The main initiatives under this strand of activity include the establishment of a 'Growth Hub' to streamline and coordinate the ways in which businesses can access support. NELEP will support the development of a series of programmes for identifying and supporting businesses with growth potential, supporting young people to start businesses, establishing sector-specific support, supporting social enterprises, and enabling businesses to access public sector contracts. Through access to finance initiatives, NELEP will enable the creation of a business investment fund (JEREMIE 2), will improve access to venture funding, business angels and business mentors, and will support the establishment of regional business banks. The strategy also includes a commitment to better promote the area to inward investors and tourists, develop a single point of access for inward investors, and improve infrastructure that will support more investment and tourism.
- **Skills:** The approach to skills in the SEP is wide-ranging but focuses on improved employer engagement in order to ensure providers are more responsive to business needs, improving the employability of workers, and improving information, advice and

guidance. Some key opportunities include improving school attainment and increasing the proportions of people, especially females, with STEM qualifications, and improving the number of people completing high quality apprenticeships. The plan also includes details of four colleges that need improving, including the Houghall Campus of East Durham College.

- **Economic Assets and Infrastructure:** This strand focuses on improving sites, infrastructure, and assets and thereby enabling them to play a greater role in supporting economic growth and attracting private investment. This will include investment in a range of heritage and cultural assets, housing, and transport, including high profile projects such as Newton Aycliffe Industrial Park, Durham City, and Beamish Museum, as well as other locations throughout the County.
- **Employability & Inclusion:** This part of the SEP focuses on two inter-related challenges; reducing areas of concentrated worklessness and deprivation; and improving individual and community access to employment. Investment from the European Social Fund will be vital for enabling partners to provide targeted support to improve socio-economic opportunities for communities across County Durham.
- **Transport & Connectivity:** Overall this strand will contribute to a range of rail and road improvements throughout the NELEP area to improve the movement of people and goods. These will include a new rail station at Horden, near Peterlee, improvements to passenger services on rail routes in County Durham, and improvements to the A1(M) and A19 including the A19 / A182 and A19 / A690 junctions.

NELEP and NECA are overseeing the delivery of the SEP which aligns with the Growth Deal that was agreed with Government in late 2015. This provides a commitment by the Government to support the North East and includes investment through the Regional Growth Fund and others which will be used to attract private investment.

European Structural and Investment Funds

County Durham's Investment Plan for European Structural and Investment Funds 2014 – 2020 (ESIF) sets the context for investment in the County's innovation assets, intensive support for businesses and new enterprises, and for improving business finance. These priorities are consistent with those of the North East Local Enterprise Partnership's (NELEP) Strategic Economic Plan (SEP) and the Government's Productivity Plans. The ESIF investment plan offers a significant opportunity to boost economic recovery by building on our assets and competitive advantages to drive future growth.

County Durham is seen as an area with significant economic challenges and therefore has access to three main sources of European investment worth €157 million. The European Regional Development Fund (ERDF) is aimed at supporting sustainable development, the European Social Fund (ESF) focuses on improving job opportunities and social inclusivity. The third source is the European Agricultural Fund for Rural Development (EAFRD) which is aimed at tackling economic, environmental and social challenges in rural areas.

The programme aims to support the creation of over 4,200 jobs in the County and support several thousand enterprises. There are four main outcomes:

- Increase number of jobs located within the County
- Improve residents access to employment opportunities
- Increase the numbers and diversity of businesses
- Increase or retain higher value/paid jobs

Implementing the Business & Enterprise Framework

The Business Geography and Business Competencies analysis will be kept up-to-date in order to identify changes in the structure of the County's economy and help us and our partners to tailor support for different businesses, business communities, and supply chains across the County. At all times the focus will be on improving the scope and efficiency of business support services and reducing duplication.

The public finance that is available will be combined where possible and used to attract private investment and improve the business support landscape across the County. In the coming years there will be numerous calls for projects, which will allow businesses to bid for support to help them innovate and grow. CDEP will also look to use the finance to support priorities such as further development in Durham City, our main towns and at NETPark, attracting businesses to locate near Hitachi Rail Europe, supporting automotive supply chain businesses, improving the energy efficiency of businesses, and supporting SMEs and new businesses.

Thank You

This framework was developed during 2015 by the County Durham Economic Partnership with the support of the following people and organisations:

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