

Economy and Enterprise Overview and Scrutiny Committee

26 February 2018

County Durham Investment Pipeline



Report of Ian Thompson, Corporate Director of Regeneration and Local Services

Purpose of the Report

1. The purpose of this report is to provide Economy and Enterprise Overview and Scrutiny Committee with an overview of the approach to managing an investment pipeline and an update on our major projects with the county.

Context

2. Since the recession of 2008, the North East economy has recorded consistent growth rates, driven by private sector growth in manufacturing, digital and business services. Employment within the county is now at 71.7%, which has risen from a low of 64.8% in 2012, but has not quite reached the pre-recession peak of 72.1%. The growth in jobs has started to close the employment rate gap with the national average, but productivity levels remain challenging. The uncertainties of Brexit, have been compounded by other policy and government changes, leading to greater uncertainty amongst the business sector. Business confidence is mixed in County Durham.
3. The Council and its partners need to ensure that opportunities for private investment and funding are maximised to support our plans for economic growth set out within the County Durham Regeneration Statement and North East Strategic Economic Plan –*more and better jobs*. County Durham has over £3billion of planned investments across the county and we need to help make this happen. This will help us meet our significant jobs growth challenge - with a further 10,000 jobs required to bring us up to the national employment rate of 74%.
4. The Council and partners have a good track record of being awarded project funding to support economic growth. Recent successes include Local Growth Fund, National Productivity Investment Fund and Housing Infrastructure Fund. Having an approach to managing an investment pipeline and developing major projects is an important part of this, enabling opportunities to be capitalised.

Managing an Investment Pipeline for the County

5. Investing in infrastructure, businesses and skills development is essential to driving economic growth within the county, to improve our competitiveness and to facilitate job creation. It is understood that the council need to continue to work closely with its partners to create these job opportunities and to boost economic growth. The Council has a proactive approach which involves the council leading, facilitating, partnering and/or promoting opportunities across a variety of council Service Groupings and private sector partners.
6. A flexible investment pipeline is managed within Regeneration and Local Services to ensure that the county can remain responsive to opportunities. This enables us to:
 - identify ideas early, develop robust business cases and enable project proposals that are ‘investment ready’
 - accelerate delivery plans
 - stimulate market investment through joint ventures, collaborations and seed funding
 - help tackle barriers to growth like low land values and land assembly by supporting the delivery of site infrastructure including roads and utilities like power, water and gas to improve ‘readiness’ for investment - enabling the delivery of otherwise marginal or unviable sites.
 - take advantage of our assets through direct promotion with the Department of International Trade, Northern Powerhouse, North East Local Enterprise Partnership, Transport for the North and other direct Governmental Departments.
 - inform strategy development with County Durham based evidence and opportunities. This helps to ensure that the county’s strategic priorities are recognised at a regional, pan regional and national level. This is delivered through lobbying as well effective representation at organisation like North East Local Enterprise Partnership and the North East Combined Authority.

Priority Areas for Investment – Investment Pipeline

7. Our ambitions for growth and spatial plans for development are predicated on market appetite and ability to secure investment. To facilitate this process it is imperative we set priorities.

Priorities:

8. To **enhance connectivity and business routes to market** the A19, A1(M), A167, East Coast Mainline and Durham Coast Line transport corridors within the county present priorities to facilitate economic growth. Improvements to the infrastructure itself, business parks, town centres and housing sites will provide better connected places to stimulate future jobs growth and investment. Major projects (in varying forms of development) include:
 - Integra 61
 - Newton Aycliffe Business Park and Forrest Park
 - Horden Rail Station
 - Jade Business Park

- Durham City Relief Road
9. **Maximising the strength of our places (Durham City and towns), growing our business and cultural assets** are clear priorities for the county. Durham City is a vital economic asset for the region that needs to continue to be harnessed. Recent private sector investment at Riverwalk (formerly The Gates Shopping Centre), along with new hotel developments and the agreed new Durham County Council HQ site, provide momentum that needs to be continued. Growth in our business sectors across the county in areas like advanced manufacturing and engineering need facilitation by the provision of investment ready and viable sites that provide the infrastructure and utilities, in the right location for business to flourish. We need to take advantage and continue to promote our successful inspirational cultural projects that lever considerable private investment, providing great promotion for the county and job opportunities such as Lumiere. Major projects (in varying forms of development) include:
- Aykley Heads
 - Milburngate House
 - NETPark
 - The Auckland Project and Kynren
10. We work across all of our towns to take forward improvements with recent programmes including Seaham North Pier and the Witham in Barnard Castle. In the coming months we will be developing a forward programme of initiatives for towns and villages across the county.

Next Steps

11. The council will continue to develop and manage its project pipeline to ensure that projects have the opportunity to be fully developed, promoted and delivered. This will continue to involve partner collaboration and a proactive approach to appropriately, planning and developing projects to take advantage of funding opportunities as they arise. Current funding opportunities include Housing Infrastructure Fund, European Regional Development Fund, Transport Majors and National Productivity Investment Fund.
12. Opportunities to support and inform strategy development like the Transport for the North Strategy, a Local Industrial Strategy as proposed within the Industrial Strategy Green paper and associated Sector Deals will be considered. This will help to ensure that investment priorities for Durham are reflected within regional and national policy and will help to secure future funding to address our needs and growth potential.

Recommendations

13. The Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the contents of the report.

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Appendix 1: Implications

Finance –

There are no financial implications at this stage. Projects that have been awarded funding are in Regeneration and Local Services capital programme and each project sets out individual match funding and cash flow requirements.

Projects in development are built into existing priorities within the Regeneration and Local Services Service Grouping Capital Programme. As such they are project proposals and are treated as bids. Projects would have to undergo full business case development and at this point the Council would be made aware of any match funding or cash flow requirements.

Staffing –

None

Risk –

There are no risk implications at this stage. Each project would set out its own risk register.

Equality and Diversity –

None

Accommodation –

None

Crime and Disorder –

None

Human Rights –

None

Consultation –

None

Procurement –

None

Disability Discrimination Act –

None

Legal Implications –

None