
DARLINGTON'S ECONOMIC STRATEGY

SUMMARY REPORT

Purpose of the Report

1. To update Members on the collection process being undertaken to evidence the Economic Strategy and to set out emerging key messages and future actions.

Summary

2. This project is to prepare an Economic Strategy that:-
 - (a) is relevant to the business community of Darlington (as well as potential future Darlington businesses);
 - (b) has been lead and shaped by them in its development; and
 - (c) is implemented by, and on behalf of, them.
3. The project seeks to define what the potential competitive advantages of Darlington's economy are and how best to realise these advantages for the benefit of local people.
4. The project is based on evidence, both quantitative and qualitative and seeks outcomes that are realistic given the economic geography of the Borough and its position in a competitive global economy. The project needs to generate vision, passion and commitment to ensure that the Strategy is used as a practical tool to focus resources in shaping Darlington's economy. It needs to translate broad strategy into practical and deliverable actions that will support economic prosperity.
5. Currently, four different sets of evidence are being collected, as set out in the Cabinet report on 4 October 2011. One of these sets is made up of nine Enquiry Groups led by business people, talking to business people about the opportunities for growth in their business sectors and any constraints that are preventing that growth happening within the Borough.
6. The main evidence collection process is scheduled to end by late February 2012 when a conference of all those involved will be held to review the evidence and discuss possible strategies which best support economic activity in the Borough for the benefit of local people. A draft strategy will be prepared after the conference for consideration by the Business Community and Council following public consultation.
7. Due to the fact that research work is still in progress it is anticipated that a presentation will be given to the Committee to inform it of emergency issues important to the consideration of the economic strategy.

Recommendation

8. It is recommended that Members note the content of this report and consider the need for a Scrutiny Task & Finish Group on an aspect of Darlington's Economy.

Richard Alty
Director of Place

Background Papers

No Background papers were used in the preparation of this report.

Simon Houldsworth : Extension 2701

S17 Crime and Disorder	This report has no implications for crime and Disorder.
Health and Well Being	A prosperous economy that provides opportunities for all in a sustainable way will have positive impacts on health & well being.
Carbon Impact	The development of a low carbon economy is integral to the economic success of the Borough in the future.
Diversity	There are no issues relating to diversity which this report needs to address.
Wards Affected	This report impacts on all Wards.
Groups Affected	This report impacts on all Groups.
Budget and Policy Framework	This report does not represent any new implications.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The process set out in this report seeks to support the vision and outcomes of the Darlington Partnership through a better understanding of the Borough's economy.
Efficiency	There are no new implications in efficiency that this report needs to address.

MAIN REPORT

Information and Analysis

Background

9. This project (as previously reported to Cabinet on 4 October 2011) is to prepare an Economic Strategy that is relevant to the business community of Darlington (as well as potential future Darlington businesses); that has been lead by and shaped by businesses in its development and that is implemented by and on behalf of them. The project seeks to define what the potential competitive advantages of Darlington's economy are and how best to realise these advantages for the benefit of local people.
10. The project is based on evidence, both quantitative and qualitative, and seeks outcomes that are realistic given the economic geography of the Borough and its position in a competitive global economy. Yet the project needs to generate vision, passion and commitment to ensure that the Strategy is used as a practical tool to focus resources in shaping Darlington's economy. It needs to translate broad strategy into practical and deliverable actions that will support economic prosperity.
11. The project arises from a need to refresh the Economic Strategy for Darlington that is currently based on largely land and property interventions. The Darlington Gateway Strategy was founded on an evidence base and economic conditions that demonstrated that the provision of appropriate sites and premises would tap into a latent demand for business relocations. At the root of this strategy was Darlington's relatively high quality of life together with accessibility both nationally and locally. These qualities remain but they are no longer sufficient on their own to generate and maintain economic growth in the current economic climate. The Darlington Gateway strategy was reviewed and broadened by 'Taking Forward Darlington Gateway' in 2007. However, since then the credit crunch, recession and public sector spending restrictions have substantially changed the content. There is a need to be clear about the economic opportunities and the strengths within the area now, in order to realise the opportunities and to focus both public and private resources, to turn these into reality.
12. There are different economic conditions and new relationships developing both on a world and local scale. The importance of the Tees Valley Local Enterprise Partnership (TV LEP) in driving the economic agenda is critical in both regeneration and government policy. We need to ensure that Darlington is well positioned in the overall TV LEP Business Plan so that there is a differentiated role for the Darlington economy within the Sub Region.
13. A refreshed strategy would set out clearly what the competitive advantages of Darlington's economic geography are and how best to utilise these to support the outcomes of "One Darlington; Perfectly Placed" – Darlington's Community Strategy. In clearly demonstrating its strategic fit to the Community Strategy, the Economic Strategy will need to be developed using an outcomes approach which focuses on the results that are required. It is also important to state that the Economic Strategy will be much more a strategy for business growth by businesses. The role of the public sector will be more focused on how it can assist to create conditions to support business growth.

Update

14. The approach being used in developing the Economic Strategy is to use evidence that has been corroborated from two or more of the following evidence sets
 - (a) Enquiry Groups looking at key businesses sectors
 - (b) Conversations with key organisations
 - (c) Analysis of regional, national and global economic futures
 - (d) The Local Economic Assessment

15. Progress to develop an evidence base is on track with nine Enquiry Groups working on the issues relevant to a particular business sector within Darlington. Regular reports are being received from each group and all the group chairs are meeting monthly to discuss the emerging evidence. These chairs' meetings also hear about the evidence originating from the conversations with key trade organisations and businesses. Finally, the services of specialist economic consultants (Trends Business Research working with Urbis Regeneration) have been secured.

16. Emerging evidence from the enquiry groups and conversations is that there are a number of issues to be thought about if Darlington is to achieve its full economic potential. These findings have not yet been corroborated, but are of sufficient importance to be brought to members' attention. They are:
 - (a) The need for training and apprenticeships that give local people the technical, business and personal skills required to make Darlington an attractive place to do business. Illustrations of this need are the shortage of locally based engineers within the chemical process industry sector when compared to the forecast needs.
 - (b) Lack of engineering skills has stifled the growth of some of our largest employers within the construction sector.
 - (c) The need to improve electricity infrastructure capable of supporting the future energy needs of local business. The example quoted was the supply constraint in the Albert Hill area preventing the realisation of plans to increase manufacturing capacity.
 - (d) The lack of suitable sites and premises. Some comments have been made that reflect a view that Darlington does not have the quality of sites and premises that are needed in the modern business environment. The basis for these views includes perceptions of car parking provision, physical appearance of sites and location within the Borough.
 - (e) The lack of suitable broadband connectivity in some areas of the Borough. Currently, there are a numbers of areas where the broadband speed is poor. Costs are high. Network is not considered resilient to meet existing/future needs, leading to put migration to other areas (Middlesbrough/Stockton).
 - (f) The potential need for a better understanding by small medium enterprises of the opportunities in the widest sense within the defence industry and supporting key manufacturing organisations such as Hitachi. These opportunities are real and are of high value, but require suppliers to comply with specific quality assurance standards.

- (g) Across all sectors a major factor as to why businesses are based in the Borough relates to historical reason (proximity to past customers/projects) and quality of life factors of business owners/principals and rather less about what Darlington can offer/do for a business. Feedback would suggest that this is no longer enough – markets are changing and Darlington’s historical/quality of life offer is not sufficient reason alone to remain here. Issues affecting this include:-
 - (i) Airport (limitations on flights)
 - (ii) Skilled workforce
 - (iii) Internal congestion
 - (iv) Infrastructure constraints
 - (v) Strength of competing areas
- (h) Labour rates in Darlington are lower (in a number of key sectors – manufacturing/engineering) than competing international businesses.
- (i) Darlington is perceived not to have a district/defined USP/band not just linked to the town but the whole Borough.

- 17. It is proposed that a conference will be held in late February where those involved in the evidence collection process can meet together to present a summary of their findings, to hear from others and debate what best to do about the messages. In addition, key organisations relevant to the specific detail will be invited to add value to the discussion. It is anticipated that the conference will result in an action either to prepare a draft document based on a number of key strands (for example, to provide training and apprenticeship schemes focused on the future needs of business) or to investigate a few possibilities in greater depth before committing to a strategy based on them. The Scrutiny Committee is invited to this conference.
- 18. A further update will be presented to members at their meeting. Members are invited to review the evidence again at the meeting and consider the need for a Task & Finish Group to investigate an aspect of it. Findings from any such group would be fed into the evidence process at the Conference.

Outcome of Consultation

- 19. The process described in this report is designed to engage the business community in such a way that a real understanding can be gained by all of how the Borough’s economy is performing, what the future could be and how the Council can facilitate business to deliver that future. The draft strategy will be subject to wider consultation with the public before it is adopted.