
ECONOMIC STRATEGY

**Responsible Cabinet Member – Councillor Chris McEwan,
Economy and Regeneration Portfolio**

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. To brief Cabinet on the need to refresh the Economic Strategy and seek approval for this work to be done.

Summary

2. The Darlington Gateway Economic Regeneration Strategy served the Borough well from 2001/2 to 2007/8. It provided a clear and well understood description of Darlington's economic advantages. That was embedded in regional and Tees Valley strategies. It had clear priorities for the actions needed to improve Darlington's economy. It brought substantial public and private sector investment, and led to Darlington's economic indicators improving faster than other areas. The strategy was updated in 2007. However, following the credit crunch, the recession and the severe reductions in public sector funding available for economic regeneration, it is necessary, once again, to look fundamentally at what the Borough's economic strategy now should be.
3. This project is to prepare an Economic Strategy that is relevant to business community of Darlington (as well as potential future Darlington businesses); that has been lead by them and shaped by them 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 all can go about seeking to realise these advantages for the benefit of local people.
4. The project needs to be based on evidence, both quantitative and qualitative, and seek 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.
5. As part of the development of an Economic Strategy, the Council has prepared a Local Economic Assessment (LEA). The document provides some understanding of local economic conditions, providing an economic profile and an assessment of the

competitiveness of the Borough based around three themes – economic geography, economy and business, and enterprise.

6. To gain further understanding about the economy of the Borough, especially in terms of qualitative information, a three pronged approach is proposed leading to a conference whose findings would be used with those from the LEA to develop a draft Economic Strategy. There would then be a wider consultation process, prior to adoption of the Strategy by Council. The three pronged approach is as follows:
 - (a) Enquiry Groups, looking at key businesses sectors
 - (b) Conversations with key organisations
 - (c) Analysis of regional, national and global economic futures and how Darlington can benefit from them
7. The proposal is to complete the Economic Assessment by November 2011 culminating in a conference in January 2012 to hear findings and possible scenario on which to base economic developments. This then would lead into the development of a fresh Economic Strategy and implementation plan to be considered by Cabinet in April 2012.

Recommendation

8. It is recommended that a review of the Economic Strategy be carried out, as outlined in the report.

Reasons

9. The recommendations are supported by the following reasons :-
 - (a) to validate the findings of the Local Economic Assessment and provide a focus for involvement by business sectors in the development of the Economic Strategy.
 - (b) to provide a common template to guide discussion about the future of the local economy.
 - (c) a refreshed Economic Strategy is critically important to position Darlington both in terms of business opportunities and public sector interrelations within Local Enterprise Partnerships for the benefit of local prosperity.
 - (d) economic and funding conditions have changed substantially since the last refresh of the Borough's economic strategy, 'Taking forward Darlington Gateway'.

Richard Alty
Director of Place

Background Papers

Darlington Local Economic Assessment, 2011
Simon Houldsworth : Extension 2701

S17 Crime and Disorder	No impact identified
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	No impact identified
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	No new implications
Key Decision	No
Urgent Decision	No
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	No new implications

MAIN REPORT

Information and Analysis

10. This project 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 all can go about seeking to realise these advantages for the benefit of local people.
11. The project needs to be based on evidence, both quantitative and qualitative, and seek 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.
12. The Council has completed a first pass of an economic assessment for the economic geography of the Borough, but it needs further validation through the engagement process and key lines of enquiry to gain insight into business opportunities in the area that might form the building blocks of economic development.
13. 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.

14. 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 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.
15. 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 based accountability (OBA) approach which focuses on the results that are required.
16. The Economic Strategy needs to have regard to the place-shaping policies set out in parallel strategies such as the Local Development Framework and Local Transport Plan. Nevertheless the strategy is likely to inform five key areas of public sector intervention that support business growth. These are:-
 - (a) Land and Premises
 - (b) Development of skills and labour
 - (c) Capital Investment
 - (d) Innovation
 - (e) Promotion
17. The Economic Strategy needs to be rooted in both qualitative evidence supplied by businesses active or potentially active, in Darlington’s sphere of influence and in the quantitative evidence set out in the Local Economic Assessment. There is also a need to be fleet of foot to adapt to new opportunities and issues as they arise.
18. As part of the development of an Economic Strategy, the Council has prepared a Local Economic Assessment (LEA) .which is a reference document that provides quantitative information on a range of issues relating to the economy. The document provides some understanding of local economic conditions, providing an economic profile and an assessment of the competitiveness of the Borough based around three themes – economic geography, economy and business & enterprise. The Council had a statutory duty under the Local Democracy, Economic Development and Construction Act 2009 to prepare the LEA.
19. The statistical evidence shows an economy where 63.1% of local people are of working age (63,600) and where there are 53,000 jobs locally. It also shows an economy reliant on small businesses for 60% of local employment, but with a few large employers. A trend of concern is that the gross value added (GVA) of each job is below the regional and national averages, possibly indicating that higher paid activities are often located in other areas such as Teesside.

20. To gain further understanding about the economy of the Borough, especially in terms of qualitative information, a three pronged approach is proposed leading to a conference for those participating in the process in January 2012. The findings of the conference (which would also consider the LEA) would be used to develop a draft Economic Strategy before a wider consultation process, prior to adoption by the Council. The approach is as follows:
 - (a) Enquiry Groups looking a key businesses sectors
 - (b) Conversations with key organisations
 - (c) Analysis of regional, national and global economic futures and how Darlington can benefit from them

21. After consultation with members of the Prosperous Theme Group and others, it is proposed that ten business sectors are studied by Enquiry Groups formed from individuals working within each sector. The proposed sector groupings have been chosen from the evidence contained in the LEA and are:
 - (a) Engineering (Advanced) and Renewables
 - (b) Manufacturing
 - (c) Digital/Media
 - (d) Creative/Cultural/Leisure
 - (e) Financial/Business Services/Telecommunications
 - (f) Construction
 - (g) Health & Social Care (including Telecare)
 - (h) Education
 - (i) Retail
 - (j) Logistics/Transport and Distribution

22. The intent is that the Enquiry Groups would contribute to the development of an Economic Strategy by:-
 - (a) acting as a sounding board for their sector, reflecting views from businesses
 - (b) identifying the opportunities for growth and any barriers or constraints to growth in their sector
 - (c) validating the findings of the LEA and provide a response to it
 - (d) providing understanding of how Darlington's economy fits in the wider regional, national and global context

23. Members of each group would seek to have discussions with others in their sector, thus creating discussions across the greatest number of individuals possible. Whilst the Enquiry Groups would operate using key lines of enquiry to stimulate and guide their discussion, it is hoped that they would not be constrained by them.

24. In parallel, a series of conversations are proposed with key organisations in four categories using the same key lines of enquiry if appropriate to draw out business opportunities. The categories are:
 - (a) Business support
 - (b) Trade & sector representatives
 - (c) Key employers
 - (d) Education, transport and facilities providers.

25. Finally, an analysis of regional, national and global economic futures, and how Darlington can benefit from them, will be commissioned from independent economic consultants to provide both further intelligence on the economy and a sense check on the findings from the other actions. This will ensure that the subsequent economic strategy is based on moderated evidence as free of bias as is possible and is realistic in a national and global context.
26. It is proposed that the work of the enquiry groups, research with key organisations and an analysis of the national and global contexts will be brought together in a conference event in January 2012 to report on findings and to discuss the potential scenarios for strategy and plans to deliver economic prosperity for the area.
27. It is then proposed to develop these schemes leading to a fresh Economic Strategy and Implementation Plan for consideration by Cabinet in April 2012.

Outcome of Consultation

28. Initial discussion with members of various groups including the Economy and Environment Scrutiny Committee and the Prosperous Theme Group of the Darlington Partnership has shown that there is a good opportunity to work with the business community to facilitate the creation of private sector employment opportunities for local people. 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 Scrutiny committee will be able to facilitate Member involvement.
29. A further consultation exercise will be carried out in 2012 as part of the process for adopting the Economic Strategy.