

**ECONOMY AND RESOURCES SCRUTINY COMMITTEE
2 FEBRUARY 2023**

ECONOMIC GROWTH STRATEGY FOR DARLINGTON

SUMMARY REPORT

Purpose of the Report

1. To outline the approach to develop the intelligence and local economic understanding to build an evidence base to provide the foundation for the development of the local economic growth strategy.

Summary

2. A great deal has changed since the previous Economic Development Strategy and going forward the Council needs to reposition its economic growth strategy to take advantage of changing economic circumstances.
3. A new economic growth strategy will identify local priorities for economic development, with the aim of promoting growth and inclusion for all parts of our area.
4. The first step in this process is to gather intelligence and assess the current state of the Darlington local economy. This will be achieved through the production of a series of scoping papers to gather research, knowledge, and qualitative and quantitative data to fully understand where we are at.
5. Based on the mapping and analysis within the scoping reports, a local economic strategy can then be designed.

Recommendation

6. It is recommended that Members endorse the approach outlined to develop the Darlington Economic Strategy.

**Ian Williams
Chief Executive**

Background Papers

None

S17 Crime and Disorder	No impact from the report
Health and Wellbeing	No impact from the report
Carbon Impact and Climate Change	No impact from the report
Diversity	No impact from the report
Wards Affected	All wards are affected equally
Groups Affected	No impact from the report
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	N/A
Urgent Decision	N/A
Council Plan	This report directly supports the delivery of the Council Plan by setting local economic priorities and actions to support the economic development of the Borough.
Efficiency	No impact from the report
Impact on Looked After Children and Care Leavers	No impact from the report

MAIN REPORT

7. Businesses in Darlington are fundamental to the wellbeing and success of our Borough. Through challenging times, they have continued to demonstrate great tenacity, innovation, and entrepreneurial spirit. Our aim is to provide an environment in which businesses of all sizes and sectors can continue to grow and flourish.
8. Embracing a proactive and strategic approach to enabling local growth represents the golden thread running through the Council Plan, Local Plan and relevant service areas, and the Councils' number one corporate priority.
9. A great deal has changed since the last Economic Strategy and going forward the Council needs to reposition its growth strategy to take advantage of changing economic circumstances and to ensure that the Borough is in the best possible position to capture and realise economic growth, prosperity, and productivity improvements over the course of the coming months and years.
10. The new Economic Strategy comes at a critical time for the economy. The impact of the economic shock of 2020/21, and of leaving the European Union is still yet to be fully felt by businesses and residents. At the same time the Government's commitment to economic recovery and to levelling up is set to change the opportunities for local government to work with businesses and public sector partners to support economic development.
11. The new Economic Strategy will identify our priorities for economic development, with the aim of promoting growth and inclusion for all parts of our area. The strategy will be designed to be flexible so we can react to the changing economic and environmental landscape. Ultimately, our aim is to realise local ambitions and release our potential as a leading economy not just in the Tees Valley but the wider geography.

12. The aim of the Economic Development Strategy is to build on the Borough's economic strengths to support a resilient, productive, low carbon and high-value economy. The Council wants to ensure that Darlington continues to be a strong local economy. The strategy will do this by:
 - (a) articulating a clear economic narrative for the Borough based on a review of economic performance and business and stakeholder priorities.
 - (b) ensuring the support and continued endorsement of business and stakeholders.
 - (c) setting the strategic direction for economic development, with a focus on low carbon sustainable business and economic growth.
 - (d) making clear links with internal and external strategies including those of TVCA; and
 - (e) setting out key priorities and clear deliverables, which define how economic development will be delivered.
13. The first step of this process is to gather intelligence and assess the current state of the Darlington economy. This will be achieved through the production of a series of scoping papers to gather research, knowledge, and qualitative and quantitative data to fully understand where we are at. A number of research studies have been commissioned to support this process.
14. At this stage, it is anticipated that 5 broad scoping reports will be produced to provide the foundation for the development of our strategic ambitions. The five themes are:-
 - (a) **Darlington – open for business:** Promote business growth that delivers increased productivity and earnings and provides quality sustainable jobs across the economy with high-quality and effective business support services
 - (b) **Developing and retaining talent and skills for growth:** Equip people with the skills they need to progress in the labour market, engage those furthest from employment or education and deliver higher level skills to meet the demands of the local economy
 - (c) **Building a competitive place for business:** Develop a 'place-based' approach to meet the infrastructure, employment, housing, and local service needs to create sustainable and growing communities
 - (d) **Sustainable Economy:** Ensure greater cohesion and integration between our natural and economic asset base to contribute towards a more sustainable, low carbon economy
 - (e) **Inclusive Economic Growth:** taking an inclusive approach to growth to ensure that all our communities can benefit from economic success and prosperity

15. The purpose of the scoping reports is to gather a thorough and shared understanding of the local economy. This will require research and data gathering to map and analyse the local economy. The headline analysis of recent economic trends within the Borough identifies a 'patchwork' of varied economic characteristics and performance, with significant scope to boost the Borough's contribution to Tees Valley's wider growth over the coming years. Darlington has seen its jobs base grow and diversify, but it must also address a series of underlying economic weaknesses and challenges. These themes will be explored within the scoping papers.
16. Based on the mapping and analysis within the scoping reports, a local economic strategy can then be designed.
17. Each scoping report will be structured as follows:-
 - (a) Introduction
 - (b) Key Statistics
 - (c) Issues and challenges
 - (d) Opportunities
 - (e) Emerging priorities for action
18. **Appendix 1** provides an overview of how the scoping report could look with some initial content.
19. Throughout this process, we will adopt an inclusive approach, engaging with a wide range of organisations and encouraging new ideas to come forward and collaboration to take place. This will involve a series of workshops with key stakeholders, elected members, and local businesses to gain a better understanding of business needs, economic issues and growth opportunities.
20. It is expected that the draft Economic Strategy will be published in June 2023.

SCOPING REPORT STRUCTURE

Darlington – open for business

Encouraging and enabling businesses and entrepreneurs to grow and prosper is fundamental to ensuring a competitive local economy for the future and realising the aim of the business growth theme.

Key Statistics

Darlington is home to a large number of businesses, with c.3,500 enterprises located in the area, 87% of which employ less than 10 employees and only 0.7% of our businesses exceeding 250 employees. With 3,500 business enterprises (VAT/PAYE registered businesses) and over 3,000 self-employed. These businesses are also responsible for the 52,000 jobs in the Borough.

Businesses are varied, with the largest number 14.2% classed as within the Professional, Scientific and Technical sector, 13% within the Construction sector, 11.1% within Retail and wholesale sectors.

The sectors with the greatest employees are: Health and Social Work 17.3%, Retail and Wholesale 13.5 %, Transport & storage 9.6%, Professional, scientific & technical services 8.7% and public administration 8.7%.

Gross Value Added (GVA) is in excess of £2,500m (2020). The GDP value of Darlington represents 0.2% of the English economy.

Gross value added per head of population is £24,080 (UK £29,063)

The Annual Population Survey for 2021 reports the percentage of the Darlington working age (aged 16-64) population who have a degree or higher is 38.5%, which is below the 42.8%-degree qualification rate for England.

The local Claimant Count – a key indicator of unemployment – increased sharply following the outbreak of Covid-19, from 4.8% in March 2020 to 7.5% by May 2020, and has subsequently fallen to 4.3% (December 2022). Nevertheless, we need to continue to support those residents most susceptible to economic inactivity and labour market exclusion through targeted skills development, employability support, and over the longer term, by raising aspirations amongst people of all ages, inspiring them to access the labour market and realise their potential.

Darlington's average full-time earnings by residence are £655.70 per week. This is lower than the England average (£766.20). However, average full-time earnings by place of work in Darlington are higher at £687.10 per week.

There is 6.7m sq. ft of Industrial floorspace and 1.3m sq. ft of office/commercial stock in Darlington.

Issues and challenges:

- Business Size – more small businesses and less reliance on large employers
- Productivity – improve the productivity gap
- Entrepreneurship – increasing the number of business start-ups
- Resident & Workplace Earnings - failure of wages to keep pace with inflation and the cost of living
- Land and property availability to meet business investment needs
- Continued “brain-drain” of talent away from Darlington

Opportunities:

- Building on business strengths and business specialisms in specific priority sectors - the priority business sectors are seen as strategically important to the local economy. Their “strategic” importance is because they are large employers and/or higher value added and/or are higher growth, or are expected to demonstrate higher growth in the future. So, for example, efforts could be focussed on supporting the Professional Services within Darlington as a major sector employer, but also, facilitated efforts to support the growth of the bio-science sector in the town
- Increasing the number and quality of start-ups
- Improving the capability of existing businesses
- Attracting new investment

Emerging priorities for action:

- Promoting appropriate business growth & investment opportunities
- Facilitate sector growth to create quality employment opportunities, strengthen local supply chains, encourage innovation and raise productivity
- Providing a comprehensive business support service to nurture growth and diversification, and create employment
- Place marketing opportunities
- Supporting businesses to become more responsive and resilient to economic, social and environmental change