

DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Scrutiny Sub-Committee for Building A Strong Economy** held at the County Hall, Durham on **Monday 12 September 2005** at 10:00 am.

Present:

COUNCILLOR Pye in the Chair

Members:

Councillors J Armstrong, Chapman, Cordon, Fenwick, Iveson, Lethbridge, Marshall, Meir, Simmons, Southwell, Whitfield and Young

Other Members:

Councillors Henderson, Gray, Meir, Priestley and Stradling

Apologies for absence were received from Councillor Maddison and Mrs Lewis

A1 Minutes

The Minutes of the meeting held on 20 June 2005 were confirmed as a correct record and signed by the Chairman.

A2 Declarations of Interest

There were no declarations of interest.

A3 Presentation – The Work of the County Durham Development Company

Members received a Presentation by Stewart Watkins, Managing Director of The County Durham Development Company (CDDC) on the work of the County Durham Development Company.. (for copy see file of Minutes)

Stewart informed Members that the County Durham Development Company was a County Council creation and that the County Council are its paymasters although they can act independently. It was a limited company by guarantee and the Board of Directors was a mix of people from the private and public

sector providing a range of expertise to the Company both on a national and international basis and this has proved to be very useful in the past.

He indicated that the Development Company is the main Inward Investment Organisation for County Durham and gave details of areas where investment and the work of the Company in fulfilling its mission to create jobs and prosperity for the people of County Durham had been achieved. He referred to NetPark as the Jewel in the Crown and looked forward to its success as more development on the site produced benefits that will be rolled out throughout the County.

He then outlined the Company's role in the development of tourism and the key future issues and challenges it faced.

The Chairman thanked Stewart for his presentation and invited Members to ask questions.

In response to a question by Councillor Cordon about the Development Company's role in tourism and its relationship with One North East, (ONE) Stewart explained that since ONE assumed responsibility for tourism from the Northumbria Tourist Board a good working relationship has developed. However, the Company felt that ONE were not in a position to respond quickly enough as the Area Tourist Partnership (ATP) was not expected to be fully operational until 2007 and therefore two whole tourist seasons would have been lost. The Development Company has therefore taken up the challenge to ensure that the two seasons were successful. When the ATP is fully established, the Development Company hopes to work with it to build on the positives that the CDDC can offer.

Councillor Armstrong asked about the composition of the Board and how someone could join it. Stewart Watkins explained that the County Council membership was determined in its constitution and that Associate Directors were, with some limits, the choice of the Chairman and served for two years. If a business person wanted to join the Board they would have to contact the Chairman and demonstrate the advantages membership would have to the Company. He added that ONE have no say on the membership of Board.

Councillor Armstrong asked if when giving grants to companies there is any provision for 'clawback' if the company then closes or moves away. Stewart Watkins confirmed that there was always a 'clawback' condition if firms leave within a given time period.

Councillor Pye asked where the funding to run the Development Company came from and was told that the Company had an annual budget from Durham County Council of £600,000 to meet its operating costs. It also used external funding for some projects such as NetPark where funding came from ONE and Europe.

Councillor Fenwick asked if there was any contact with the Scandanavian and Baltic regions with a view to developing business links in addition to the tourist

links that were already established. Stewart informed the meeting that the Development Company had sponsored a stand at a major event held North of the Arctic Circle that meant that half a million tourists that visited Lapland in December would see the Durham County Council promotion on arrival and departure from their trip. The electronics industry has strong links with Finland with companies such as Nokia being based there. He had also just returned from the USA following talks with Ericson, a Swedish company. He was now considering the area of research and development and saw this as an avenue for expansion.

Councillor Lethbridge said that he was pleased to hear the optimistic tones that the Development Company had on the world stage however, as a Bishop Auckland County Councillor with responsibility for his local people the reality in his constituency is not the same. He would like to see industry in County Durham that is not dependent on foreign management decisions. He accepted that a lot of work was being done in promoting County Durham and he wanted to believe the optimism of the Development Company but he was looking for some reassurance.

Stewart Watkins replied that NetPark will be a major plus for County Durham and he was confident that the future lies with science and technology and research and development. If we remain dependent on the existing business base then the County would continue to decline. He referred to South Church Business Park where every business is home grown and will remain so for the foreseeable future and the Company has to provide a service to these companies and encourage them to promote the area. There is a lot of work going on with lots more still to be done and in the near future the possibility of products with a 'Made in County Durham' logo was under consideration.

Councillor Southwell referred to the Company's £600k budget and asked for evidence of vibrancy. Stewart replied that the World economy had been changing very fast with Eastern European Countries now on board. While the Company is working hard on Tourism he wondered about the services to deliver tourism in the County. He added that the Development Company was presently restructuring to tackle all the changing issues it faced.

Councillor Cordon referred to the statistics in the presentation that showed that since 1988 according to the Inward Investment achievements 18,000 jobs were forecast but the figures associated with companies assisted by DCC grants had a forecast of 46,000 jobs. He asked if more information could be provided on these figures. Stewart said that when the County Council offer a grant to a Company they ask for a 3 year forecast of jobs and these are the figures that they use. When they have been investigated in the past they have tended to come out about right with some firms achieving their targets, some failing and some achieving better than forecast. An example was Fujitsu where 1500 jobs were forecast but only 550 achieved.

Councillor Pye asked what the benefits were of having a controlled Company and how did the Company report back to County Council. Stewart replied that companies planning to locate in County Durham preferred to talk with the

Development Company to streamline the process. Reporting the Development Company's activities is carried out via the six councillors who sit on the Board, through the quarterly meeting of directors and the County Council is provided with a full report of the Company's activities and future plans.

Councillor Southwell suggested that it would be useful for Members to have details of the actual jobs that have been achieved as opposed to forecasts.

A4 Any Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

A5 Performance Management Report – 1st Quarter 2005/06

The Sub-Committee considered a report of the Head of Corporate Policy on performance of Best Value Performance Indicators for the 1st quarter for 2005/06 (for copy see file of Minutes).

Resolved:

That the report be noted.

A6 Forward Plan

The Sub-Committee received a report of the Head of Overview and Scrutiny about the forward Plan. (for copy see file of Minutes)

A7 Work Programme

The Sub-Committee noted a report of the Head of Overview and Scrutiny about the work programme of the Sub Committee (for copy see file of Minutes).