

Economy and Enterprise Overview and Scrutiny Committee

21 December 2015



Business Durham Activity

Report of Ian Thompson, Corporate Director, Regeneration and Economic Development

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an update on the work and impact of Business Durham since its previous report in October 2014.

Background to Business Durham

- 2 Business Durham, the economic development company for County Durham aims to deliver the environment for business and economic growth. Its overarching objective is to increase the size of the private sector to rebalance the County's economy by:
 - Increasing rates of business survival;
 - Increasing rates of business start-up;
 - Increasing numbers of businesses attracted, and
 - Increasing numbers of jobs safeguarded/created.

All of this is undergirded by the ambition of raising the economic aspirations of our client groups.

- 3 Business Durham operates the Council's industrial business property portfolio in a commercial way, both to attract and grow tenant companies but also to use any surplus to pay for Business Durham's public good activities in business engagement, innovation, sector development, inward investment and enterprise.
- 4 Business Durham focuses on sectors where activities will have the most economic impact in terms of jobs, more specifically, higher value jobs. These sectors (effectively, non-retail and non-leisure) account for approximately 9,000 businesses (VAT/PAYE registered) in County Durham.
- 5 Business Durham benefits from an Advisory Board, supported by Members and private sector board members, to help advise, inform and support the operations of the team. Operationally, Business Durham has three teams:
 - Business Space Team: has responsibility for the marketing, letting, management and development of the Business Durham business property portfolio across the County, consisting of 483 individual lettable units and 22 compounds totalling 716,000 sq. ft, including modern offices and managed workspace facilities, factories and NETPark. The Team is based across five locations: NETPark, Consett, Tanfield, Stanhope and Durham City.

- Business Development Team: aims to promote enterprise, foster the environment for new businesses to start up, and enable businesses in the County to develop and grow. The team takes the lead on engaging with businesses through an area-based and sectoral approach and works closely with partners such as the enterprise agencies, engineering and manufacturing forums, and local, national, and international business networks.
- Innovation and Growth Team: oversees inward investment, the innovation agenda, sector development, site-specific propositions and the NETPark product (not real estate).

Performance

6 Business Durham's performance at the end of 2014/15 can be seen in Table 1.

Target	2013/14 performance	2014/15 target	2014/15 performance	2015/16 target	2015 performance YTD to 31/10/15
Occupancy	75%	77%	79.12%	79%	84.95%
Percentage debtors (by number of tenants)	12%	10%	17%	8%	14%
Revenue targets as per budget	£2.84M	£3.08M	£3.254M	£3.09M	£1.82M
Budget deficit	£608,999	£327,385	£317,429	£121,981	
Number of businesses engaged	581	720	1,134	800	786
- Of which projects identified with	-	65	77	75	74
Business enquiries handled	1,151	1,200	1,202	1,200	745
Number of jobs (gross) new and safeguarded	3,688	2,400	1,567	2,400	791
Number of people engaged in enterprise activities	2,365	1,000	1,091	1,200	713
Business start up	-	26	33	0	0
Inward investment successes	-	10	6	11	4

Table 1: Business Durham Performance

7 Assuming an average GVA per employee in County Durham, these jobs supported by Business Durham in the year 2014/15 equates to £47M GVA in County Durham.

Enterprise, Engagement and Outreach Activities

- 8 Business Durham has been active in promoting enterprise and an entrepreneurial culture, through initiatives with schools, colleges and Durham University. Business Durham works closely with key partners, in particular the four enterprise agencies which provide advice to individuals who wish to start a business and deliver the Welfare Reform Self-Employment Programme.
- 9 Business Durham's flagship enterprise promotion tool for young people is the Future Business Magnates (FBM) enterprise competition, which engages over 200 young people per year in enterprise, and connects County Durham businesses with schools. The competition runs throughout the academic year and involves students developing their own business and creating a comprehensive business plan. The 2014/15 competition, its 10th anniversary, equalled the success of the previous year, with 24 secondary schools participating, including two schools new to the project and a number of new business partners supporting the competition. The theme was 'Discovering, Detecting, Developing a Different Use of Light' to tie in with the United Nations' International Year of Light. The students came up with some innovative ideas, including new forms of safety products using light to monitor and alert people to dangers, illuminated learning tools and visual displays, innovative uses of light for events and in toys, and lots of new ways to incorporate light into everyday products. The winning team was from Durham Johnston with a 'GlowFlow EcoTap', using light to illustrate when water was being wasted (see Appendix 2 for images).

- 10 The 2015/16 FBM competition was launched in November 2015, with 20 schools participating. This year's theme is 'The Home of Manufacturing', challenging the teams to develop a business idea based on a product for the home that can be manufactured in County Durham.
- 11 Following a successful pilot, FBMplus was launched in January 2015, offering 16 to 18 year olds the opportunity to set up and run their own business in a competitive environment. Durham Sixth Form Centre, St Leonards Catholic School and Sixth Form College, Framwellgate School, East Durham College and Bishop Auckland College all participated and a further round for 2015/16 has recently been launched with 20 young people taking part.
- 12 Business Durham has an established network of delivery partners with whom enterprise promotion initiatives can be developed and commissioned. Examples of initiatives undertaken over the last year included:
 - Sponsoring two Kickstart Weekends at Durham University in February 2015 and November 2015, which attracted a total of 58 budding entrepreneurs keen to develop their business ideas. An enterprise talk was also delivered to 50 students at Durham University Business School in early February 2015.
 - Sponsoring and helping to engage businesses in Consett Academy's first Careers and Business Fair for Year 11 students, held in February 2015.
 - Supported the final of the Durham University Blueprint Enterprise Challenge, held at St Aiden's College, and the final of the Dragons Den competition held at Durham University Business School, both of which took place in April 2015.
 - Delivered a number of enterprise talks to students at Ferryhill Business and Enterprise College, Woodham Academy, and Whitworth Park Sixth Form.
- 13 In order to develop new creative businesses in the County, Business Durham, with funding from Durham County Council, County Durham Economic Partnership and ERDF, commissioned a programme of support for people starting creative businesses throughout the County. The programme comprised a range of workshops, coaching sessions and mentoring opportunities delivered under the brand of Durham Creatives, and ran until the end of September 2015. Final outputs figures are currently being collated, but current figures indicate that 139 individuals were assisted to become enterprise ready, 85 new creative businesses started up and 100 jobs were created, increasing County Durham's GVA by £3M.
- 14 The Durham Creatives programme was particularly successful in engaging with female entrepreneurs. Based on this experience, Business Durham worked with Digital Durham to secure £75k funding from Broadband Delivery UK's Women and Broadband Challenge Fund for a project to help women boost their economic wellbeing by taking advantage of superfast broadband to either start a business or work from home. This project provides an opportunity to maintain and extend the network established through the Durham Creatives programme.
- 15 In 2014, Business Durham commissioned a self-employment support option for people affected by Welfare Reform in the County. Delivered by the four enterprise agencies in the County, the programme is aimed at those for whom self-employment may be a possible route out of the Welfare Reform impacts, but who are either ineligible for, or require more one-to-one support than is available through other start-up programmes. To date, 44 people have been supported into self-employment through the programme, which will continue to run until the end of March 2016.

- 16 The NETPark outreach activity continued, with a strong presence at the annual Sedgefield Day: two local astronomical societies brought their telescopes, we sponsored the local football youth team, ran a competition for the local primary schools about inventions of the future, and trained some students at Sedgefield Community College to be science buskers. As part of the Business Durham/NETPark science outreach and engagement programme, three public lectures were held: Miranda Krestovnikoff gave a talk about the coastline of Britain in March 2015, Simon Singh gave a talk on coding at the Gala Theatre in May 2015, and Dr Adam Rutherford, science writer and broadcaster, gave a talk on the story of genetics at Durham University in June 2015. Two teacher CPD events were also delivered.
- 17 Business Durham approached New College Durham to explore the idea of teaching innovation as part of their (foundation) degree courses: the College is enthusiastic about this idea and we hope to launch for the next academic year as a dedicated module within several degree courses.

Business Engagement

- 18 A key part of Business Durham's role is to engage with businesses in the County, to connect them with the right funding, advice, and networks they need to grow and thrive, and to develop longterm relationships in order to help ensure the future sustainability of the businesses and the County's economy. Business Durham continues to support its strategic initiatives, such as the Business Park Communities, to enable it to engage effectively with businesses, as well as directly engaging with individual businesses and supporting major employers in the County through its Strategic Account Management activities. In 2014/15, over 1,200 businesses were supported during the year, including advice and signposting on a range of issues such as identifying new premises for business expansion, purchasing land, planning issues, training and recruitment issues, access to funding, support with marketing and general business development. Examples of the companies assisted with major projects can be found in Appendix 3.
- 19 A particular area of focus is helping businesses to access funding. One specific fund is the Let's Grow grant scheme, a £60M Regional Growth Fund operating across the North East since 2013. In the first round, funds were awarded to 20 businesses committing £45M towards growth projects, receiving £8.1M of grant creating or safeguarding 839 jobs. County Durham received 29% of the allocation. Phase Two has been running since July 2014 and, to date, funds have been awarded to 14 businesses, committing £17M towards growth projects, receiving £2.8M of grant, creating or safeguarding 363 jobs. County Durham has been awarded 18.3% of the allocation, with North Tyneside receiving 20.5% and Sunderland 20.3%. There are a two more rounds of Let's Grow and Business Durham continues to promote the fund.
- 20 We continue to support the wider regional agenda and have actively engaged with Tees Valley Unlimited, and Redcar and Cleveland Council to offer help in the wake of the severe job losses happening on Teesside. Business Durham has approached the Business Park Communities to source vacancies, directly notified over 500 businesses and intermediaries about the Jobs Fair, and will continue to alert employers to future Jobs Fairs as these take place. Employers that have shown interest in the SSI workforce include Great Annual Savings, CAT, AKS, 4 Cool Technology, Albany Services and Northern Freight.
- 21 The Business Durham-initiated Business Park Communities, based around the key industrial estate locations, are working very well. Private sector-led, these Communities have been instrumental in achieving positive changes for businesses, including improved engagement, a better understanding of the issues, help businesses get to know their neighbours and to identify potential opportunities.

- Aycliffe Business Park Community celebrated its second birthday with a celebratory News and Networking event in January 2015, and the Steering Group is taking forward discussions on formally constituting of the group.
- Peterlee Business Park Community has established a series of events, including Apprenticeships, Training, Employment, 'Network with your Neighbour', and Social Media.
- Drum Business Park Group has ensured that improvements have already been made to the environment through partnership working with Durham Constabulary, Neighbourhood Wardens and the Probation Service, and has developed a logo, and newsletter for the Park, with a website currently under development.

22 The Durham Social Value Taskforce, chaired by Cllr Neil Foster and facilitated by Business Durham, met in October 2015 to receive an update on progress. The County Council's spend figures for the 2014/15 financial year have now been analysed, as in Table 2. 43% of the County Council's total third party spend was with County Durham suppliers, and 70% of its total spend was with North East suppliers, making a positive contribution of £350M to the region's economy:

Supplier Location	Value	% of Total Spend
North East suppliers	£350,588,109	70%
County Durham suppliers	£216,992,381	43%

Table 2: Durham County Council Spend

23 The Council continues to do substantial business with SMEs, with 52% of its total spend being with SMEs, and a third of its total spend being with County Durham SMEs (Table 3). The Council's performance significantly exceeds the targets set by Central Government for local authorities to achieve 25% of total spend with SMEs by the end of the current financial year. The Social Value Taskforce is a good example of partnership working, involving Business Durham, DCC Corporate Procurement, the Federation of Small Business (FSB) and other local partners, and Durham's approach continues to receive national recognition with DCLG/National Audit Office visiting in November 2015 as part of a study they are doing into 'Commissioning and Contracting with Smaller Providers'.

Supplier Category	Value	% of Total Spend
SMEs (total)	£262,708,691	52%
North East SMEs (including Co. Durham)	£220,621,593	44%
County Durham SMEs	£158,958,318	32%

Table 3: SME Spend

24 Business Durham has engaged with businesses throughout the year via a range of events with local business networks, such as the Derwentside Business Network, Durham Business Club, and the FSB, as well as working in partnership with other organisations to support events that open up opportunities for County Durham businesses. Examples of this include working with the North East defence sector body (NDI) to arrange a 'Selling to the MoD' event which went well, with over 30 participants at the event, and sponsoring Durham Business Club's January 2015 event, in conjunction with Digital Durham, to enable over 90 businesses to hear how superfast broadband could benefit their business.

25 In addition, and as part of the ambition to increase the reputation of Durham as a place where business is done, Business Durham has also initiated its own networking event in Durham City, Durham 2sday. The inaugural event was launched in September 2015 with over 70 delegates. The second event in October 2015 saw another 70 delegates from a wide variety of sectors attend the event at Esquires Coffee Shop in Durham City with very positive feedback from all. The event continues to run on the second Tuesday of every month.

- 26 Manufacturing is a vital part of the County Durham economy and employs 15% of Durham's residents, providing 20% of its GVA. To support the sector, Business Durham has been actively involved in supporting the establishment of the County Durham Engineering and Manufacturing Network (CDEMN) from a merger of the three former Engineering and Manufacturing Forums. The new network is chaired by David Land. Business Durham has also launched the Manufacturing Task Force, co-chaired by Cllr Neil Foster and David Land. This Task Force is charged with ensuring that the existing strength of manufacturing in Durham is retained and enlarged. Subgroups were set up in Data Mapping and Collection; Business Support Requirements, and Celebrating Success. The data mapping is essential to understanding capabilities and therefore opportunities for supply chain development and winning new contracts. The business support requirements group assessed the gaps in current provision and the celebrating success theme has generated the 'House of Durham' infographic, which was launched at Oktoberfest 2015 to showcase how much Durham provides for our daily lives. This followed the creation of a general infographic showcasing the importance of the engineering and manufacturing sector to Durham's economy. The infographics can be seen at Appendix 4 and this will be the first of a series of infographics showcasing different sectors.
- 27 Hitachi Rail Europe's Rail Vehicle Manufacturing Facility at Aycliffe Business Park continues to be a major project: in the period covered by this report, we have had both the topping out ceremony and the official opening, an event attended by several hundred people, mostly from outside the region, including Hitachi's main board from Japan, Hitachi's customers and suppliers, the Prime Minister and Chancellor of the Exchequer, and the Secretary of State for Transport. Actual production of carriages commences in November 2015.

Inward Investment

- 28 81 inward investment enquiries were received in 2014/15, broken down as in Table 4 below. The majority of these enquiries came direct to Business Durham, although we work closely with UKTI and the regional inward investment team, Invest North East England.

Expansion	66
Relocation	31
Start up	3
Sector (where recorded)	
Manufacturing	46
BPFS	24
Science and Technology	12
Energy and Environment	7
Misc (mainly services)	19
Geography	
UK – North East	22
UK - National	28
USA	8
Germany	3
Europe - other	17
Japan	3
India and East Asia	3
Middle East	3
Other	7
Foreign - unknown	8

Table 4: 2014/15 Enquiry Analysis

29 From these enquiries, there were six successes in 2014/15 creating a total of 719 jobs across the County (Table 5). The year to date performance for 2015/16 is shown in Table 6.

Successes 2014/15	Source	Property Size sq. ft	Investment	Jobs	Location
Atom	Direct	40,000	£10M	400	Durham City
Kans and Kandy	Direct	125,000		50	Seaham
Complement Genomics	Direct	5,000	£425K	15	Lanchester
Two Touch	Direct	10,000		13	Seaham
Encore Envelopes	Referred by SCC	75,000	£4.4M	41	Peterlee
Great Annual Savings	Referred by Developer	13,000	£25K	200	Seaham
		288,000	£14.825M	719	

Table 5: 2014/15 Successes

Successes 2015/16	Source	Property Size sq. ft	Investment	Jobs	Location
Icarus	Direct	20,000	Not yet confirmed	14	Peterlee
Natural Technology Development	Direct	500	Not yet confirmed	2	Consett
International Cookware	Direct	76,000	Not yet confirmed	34	Seaham
ITPS	Direct	20,000	Not yet confirmed	30	Chester le Street

Table 6: 2015/16 Successes to date

30 This year, Business Durham started a new approach to attracting inward investment, being more proactive than reactive. This has required the creation of new propositions, use of data analytics to identify target companies to engage and the commencement of a lead generation campaign focussed on businesses in South East England. It is still too early to assess whether this approach is working fully, but early signs are positive, with a pipeline of active projects, which are summarised in Table 7. We are also creating a Durham 'capacity' map, indicating the potential for new or expansion projects over what timescale, e.g., Aykley Heads will create 6,000 jobs in Service Tech but over the next 10 years, Spectrum has the capacity for another 3,000 IT type jobs and is immediately available, Durham Gate has plenty of land but no buildings. At the moment Durham's principal barrier to sizeable inward investment projects is the lack of available property to move into quickly, as there is limited speculative development happening. It is anticipated that the recently announced Enterprise Zone in the North East, which include Hawthorn in East Durham, will address some of these capacity issues. For information the inward investment projects lost to County Durham are shown in Appendix 5.

Current Significant Projects	Source	Geography	Property Size sq. ft (000)	Investment £M	Jobs	Place	Notes
Contact Centre	Direct	National with regional outpost	40		325	Easington	The promised contracts did not transpire and the company actually lost some jobs in the NE. The local manager re-emerged and is associated with a current large enquiry that is based in part on re-shoring.
Materials Technology	Direct	Regional	20	13	55	NETPark	The company is seeking an alternative technical solution and plans are deferred for 6-9 months.
Manufacturing	Direct	SE	45	1.4	60	Derwentside	A Let's Grow grant of circa £250k has been negotiated in principle and legals for building acquisition will complete before Christmas 2015. Though the Southern base will be retained, the new site will be the focus and engine for growth.
Manufacturing	Direct	NE	87	1.5	30	Sedgefield	A new process to add to existing operations. A highly cautious approach by the landlord to planning issues has delayed the project and during this time sales prospects from two key customers have reduced and the project is under review and a decision one way or another is expected before Christmas 2015.
Biotech	Direct	USA	2			NETPark	Discussions are underway as to how to fund fit out but the company is keen to locate at NP.
Contact Centre	Via Developer	North	20	0.7	400+	Easington	The client is keen on the location and property offer but needs to finance the expansion and the case is complex. An application for Let's Grow RGF has been made with BD support.

Manufacturing	Direct	Scotland	60		40	County-wide	The company has slowed its plans citing economic slowdown and uncertainty caused by EU referendum. Its short term alternative is to find a smaller and cheaper base for a sales outlet and depot to prove the market.
Manufacturing	UKTI	Germany	750	56	400	Easington	This is a National enquiry with 3 regional sites put forward including one in the County. Strong competition from Wales (and its finance package) exists which makes it the front runner but the proximity to a local OEM could be important.
Technology	UKTI	USA			50	NETPark	Technical Service Centre. It visited in October 2015 and plans to re visit and seek contacts with local tech companies to gauge market demand.
			1,024	72.6	1,360		

Table 7: Active Inward Investment Projects

- 31 Re-investment continues to be a source of jobs for the County; in the period covered by this report there were eight significant projects, all manufacturing, accounting for 324 jobs and nearly £50M of investment from companies such as Husqvarna, AKS, Faerchplast, Gestamp and Tridonic.
- 32 Business Durham attended MIPIM UK with Local Authority partners and the private sector. Business Durham met financial institutions who might be development partners for Aykley Heads and NETPark; showcased the North East as a coordinated region/destination for investment, and strengthened ties with public and private sector partners. Business Durham also continued to support the Investment Gateway Manager with the development of propositions for the North East Local Enterprise Partnership (NELEP) area.

Innovation

- 33 In November 2014, Business Durham launched the new 10 year vision for NETPark, to become the global hub for materials integration, drawing inspiration from the way companies such as Kromek plc integrate material into high value end products with high economic and social impact. The elements of this vision are now being put into place, including premises, skills, research excellence (see Appendix 6 for a map of NETPark companies' university collaborations: at nearly 160, this is a very high number) and innovation support infrastructure. As part of this, NETPark Net, the innovation community of 300 companies, has undergone a fundamental review to transform into the delivery vehicle for this innovation support, looking at all aspects: finance, markets, talent attraction, technology development and supply chain development. The value of this approach is to embed NETPark in the existing expertise of the North East: companies at NETPark require design, prototyping, engineering, manufacturing, finance, marketing, etc. More emphasis has been placed on external stakeholder engagement with several visits to NETPark by BIS, Innovate UK and the NELEP. A Materials Integration Summit was held in May 2015 with representation from the Campaign for Science and Engineering, Institute of Physics, the Scale Up Institute, Research Council, Innovate UK and many others.

- 34 Last year, Business Durham led a regional (North East and Tees Valley) consortium to win a regional Centre of Excellence at NETPark for the Satellite Applications Catapult. The Catapult was set up to help businesses extract value from the data generated by satellites, e.g., environmental monitoring, maritime tracking, etc. It has had a successful first 18 months with its first conference attracting over 170 delegates at the Xcel Centre, attracting five new start-ups, supporting 89 businesses and delivering 11 clinics, workshops and business leader debates. The Centre of Excellence supported Durham-based Realsafe Technologies, the UK winner of the European Satellite Navigation Competition 2015, along with Weardale-based Farmwatcher UK which was awarded second place in the UK in the same competition. Current projects include the delivery of an Urban Planning Service for Sunderland City Council using satellite imagery, a collaboration between Newcastle University and the Satellite Applications Catapult to tackle satellite data acquisition and analytics using Web 3.0 and linking North East SME into a European Space Agency (ESA) project.
- 35 Throughout 2015, Business Durham has undertaken activities linked to the United Nations' International Year of Light, including a dedicated webpage to highlight Durham's connection to 'light', a monthly case study with associated online promotion, a teacher CPD day and participation in Visit County Durham's development of 'Durham: Place of Light' place brand.
- 36 Business Durham is leading a project to develop Durham's healthcare offer, as part of the overall strategy to encourage businesses to locate here, grow here and diversify here. We are using economic development activity (attracting more investment into County Durham and encouraging companies in County Durham to diversify and grow leading to more jobs and better jobs) to deliver transformative public health outcomes. The overarching theme for Durham's healthcare offer is to create County Durham as a living lab for innovation in tackling the health causes and consequences of social isolation, essentially stopping people becoming patients. This has attracted significant interest from national organisations such as Innovate UK, Catapult Centres, and the Northern Health Science Alliance. Business Durham has been working closely with DCC colleagues in Public Health, Housing, Social Care, IT, as well as Durham University, CPI, the Durham and Darlington NHS Trust and Clinical Commissioning Groups. There are various elements to this programme:
- Durham University and the NHS are mapping A&E pathways to understand the different pressure points
 - Participation in the NELEP's Health Grand Challenge Steering Group
 - Participation in a collaborative InnoSup EU project called MixITup
 - Participation in the NHTA's Health North initiative
 - Participation in an EPSRC call 'Healthcare Technologies Grand Challenges'
 - Commissioning a 'pit-stop' programme to test the capabilities of the local economy to meet healthcare challenges in mental health, malnutrition, conditions such as CVD and COPD, falls, etc.
- 37 CPI has secured the National Healthcare Photonics Centre for NETPark, due to open in 2017. The area offers huge potential for the UK and the global healthcare sector. Applications are wide-ranging from wound, skin and cancer care to niche applications in neurology and ophthalmology. CPI has also secured the National Formulations Centre, also due to open in 2017. Complex formulated products underpin many sectors in the UK economy; examples include perfumes, medicines, cosmetics, washing powder, processed foods, paints, adhesives, lubricants, composite materials and pesticides. The National Formulation Centre will focus specifically on the areas of product and process design, delivery, stability and sustainability. This means that NETPark has three national technology centres and two Catapults.

Business Property

- 38 Business Durham continues to strengthen relationships with tenants at The Durham Dales Centre, hosting a successful Enterprise Day with representatives from the public and private sectors giving advice about key issues.
- 39 NETPark is in its 10th year and supports 23 science and technology businesses (two are PLCs) employing 400 people and adding approximately £65M to the County's economy. Building on this success, the Council's Cabinet approved £12.9M in October 2014 to provide an additional 70,000 sq. ft at NETPark over the next three years, creating up to 250 new jobs. The ambition is to repay the funding from the rental income of the new buildings and this could pave the way for more investments over the next three years which would see the existing Phase 2 of NETPark fully complete. As a result, planning for Phase 3 of NETPark is already well underway with the NELEP awarding Business Durham £6.83M in November 2015 to provide essential infrastructure to develop a further 13.2 ha of land, ultimately creating a further 750,000 sq. ft of space and a further 2,400 new jobs.
- 40 A number of ongoing improvements have been made during 2015 to ensure the property portfolio is operating as efficiently as possible. This has included extensive remedial works to Tanfield Lea Business Centre, a new pumping station installed at Randolph, new gates and fencing at Dean and Chapter funded by Cllr Avery's neighbourhood budget, disposal of Enterprise Place at Tanfield Lea Industrial Estate to Hodgson and Sayers Limited, demolition of three redundant buildings at Stainton Grove Industrial Estate, four lease renewals completed at Randolph Industrial Estate and nine underway at Chilton, and service charge reviews completed at Crook and Shildon Business Centres. Looking ahead, there are further planned investment in properties at Chilton, Tudhoe and Dean and Chapter Industrial Estates. All these are helping to make the portfolio and operations more commercial.
- 41 This year has seen the implementation of more focused communications activity. Business Durham has a good relationship with tenants and meets all of them at least twice a year, informally much more often and this can often lead to referrals for new tenants. However, there are some estates where the units have been harder to let and so an analysis was undertaken to understand where most impact could be achieved with a focused approach. The conclusion was that Stainton Grove in Barnard Castle and Tanfield Business Centre would benefit most and Business Durham therefore undertook a time-limited campaign using an appropriate mix of channels and media, piloting the approach with Stainton Grove. The results are pleasing: in the campaign period (Sep/Oct 2015) the year on year 2015/2014 comparison is 7/4 enquiries, 15/2 viewings, 1/0 lettings, 2/0 jobs, £11,840/£8,563 income. Occupancy has increased from 44% to 67% with another letting in progress, meaning there is now only one unit left at Stainton Grove. The campaign has had spin-off benefits in terms of upskilling Business Durham staff, cross-team working, increased local knowledge and better relationships with tenants. Although the focus now shifts to Tanfield Business Centre, activity will continue at Stainton Grove at a lower level of intensity to maximise occupancy and income.
- 42 Overall occupancy for the whole portfolio at the end of March 2015 was 79.12% creating 233 jobs. The market for property remains competitive, especially for office space and incentives are still required to secure and sometimes retain tenants. Table 8 shows performance at the half year mark which indicates that Business Durham is on course to achieve the forecast increases in occupancy and income.

Indicator	2013/14 target	2013/14 actual	2014/15 target	2014/15 actual	2015/16 target	2015/16 actual to 30/09/15
Enquiries	260	235	275	340	205	141
Viewings	140	193	200	300	200	111
Lettings	70	76	90	79	85	39
Vacates	35	54	35	39	35	29
New jobs created	150	255	150	233	150	94
Occupancy	75%	74.22%	77.00%	79.12%	79%	84.2%
Total Income	£2,857,625	£3,133,139	£3,030,000	£3,254,000	£3,090,000	£1,573,640

Table 8: Property Performance

43 In addition to focusing on the promotion and letting of property, as part of the increasingly commercial focus of the team, more effective management of debts has been implemented. Table 9 shows significant improvement in debt collection over the last four years, with last year achieving a 97% collection rate from a total of 326 discrete debtors.

	Total invoiced amount	%	Total paid	%	Total outstanding	%
2011/12	£1,589,940	100	£1,390,902	88	£198,492	12
2012/13	£1,521,439	100	£1,326,276	88	£195,163	12
2013/14	£2,558,099	100	£2,388,599	93	£169,500	7
2014/15	£3,238,838	100	£3,137,626	97	£101,212	3

Table 9: Debtor Management

44 The table in Appendix 7 provides a more detailed breakdown of occupancy levels as at September 2015.

Communications

45 This year, as part of the ambition to raise the profile of Durham as place where business is done, Business Durham has taken a more proactive and rigorous approach to communications activity, as can be shown by the focused approach to Stainton Grove mentioned above. We have also launched a new website and become more active on social media, our reach more than doubling from 885,000 in September 2014 to 2,000,000 in September 2015. We have taken on a PR agency and are achieving good results: for every £1 we spend, we generate £30 in coverage, as indicated in the Advertising Value Equivalent figures below in Table 10.

	Business Durham - proactive		Business Durham – mention		NETPark - proactive		NETPark - mention		Totals			
	Clippings	AVE	Clippings	AVE	Clippings	AVE	Clippings	AVE	Clippings	AVE	Spend	ROI
Q1	11	£18k	34	£33k	47	£47k	12	£29k	104	£127k	£7k	£1/£17.93
Q2	56	£61k	73	£109k	21	£21k	71	£86k	221	£277k	£6k	£1/43.73
Totals to end Q2	67	£79k	107	£142k	68	£68k	83	£115k	325	£404k	£13k	£1/£30.12

Table 10: AVE Results 2015/16 to Date

As part of this communications activity Business Durham is generating a portfolio of case studies demonstrating how it has helped companies in Durham grow and develop their business. These will be released over the year as part of the ongoing communications activity.

Recommendation

- 46 That the Economy and Enterprise Overview and Scrutiny Committee note the contents of the above report.
- 47 That the Economy and Enterprise Overview and Scrutiny Committee include in the refresh of its work programme for 2016/17 a further update on the work of Business Durham.

Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity – None

Accommodation - None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None

Appendix 2: Images of Future Business Magnates 2014/15 Awards Dinner.



Winners of FBM 2015 – Durham Johnston School

Examples of Products:



*Hydreco Glow Flow Eco Tap
Durham Johnston School*



*Lumologix Water Temperature Sensor
St Bede's Catholic School & Sixth Form College*



*Sunny Screen Reduced Glare Car Windscreen
St Leonard's Catholic School*



*Laz-a-maze puzzle game
Bishop Barrington School*



*Technolog-eye classroom aid for visually impaired
Consett Academy*



*Light4Life Indoor celebration pop up light streamer
Barnard Castle School*



*Sparkz UV radiation level App
Whitworth Park School & Sixth Form Centre*

Appendix 3: Examples of companies supported with projects

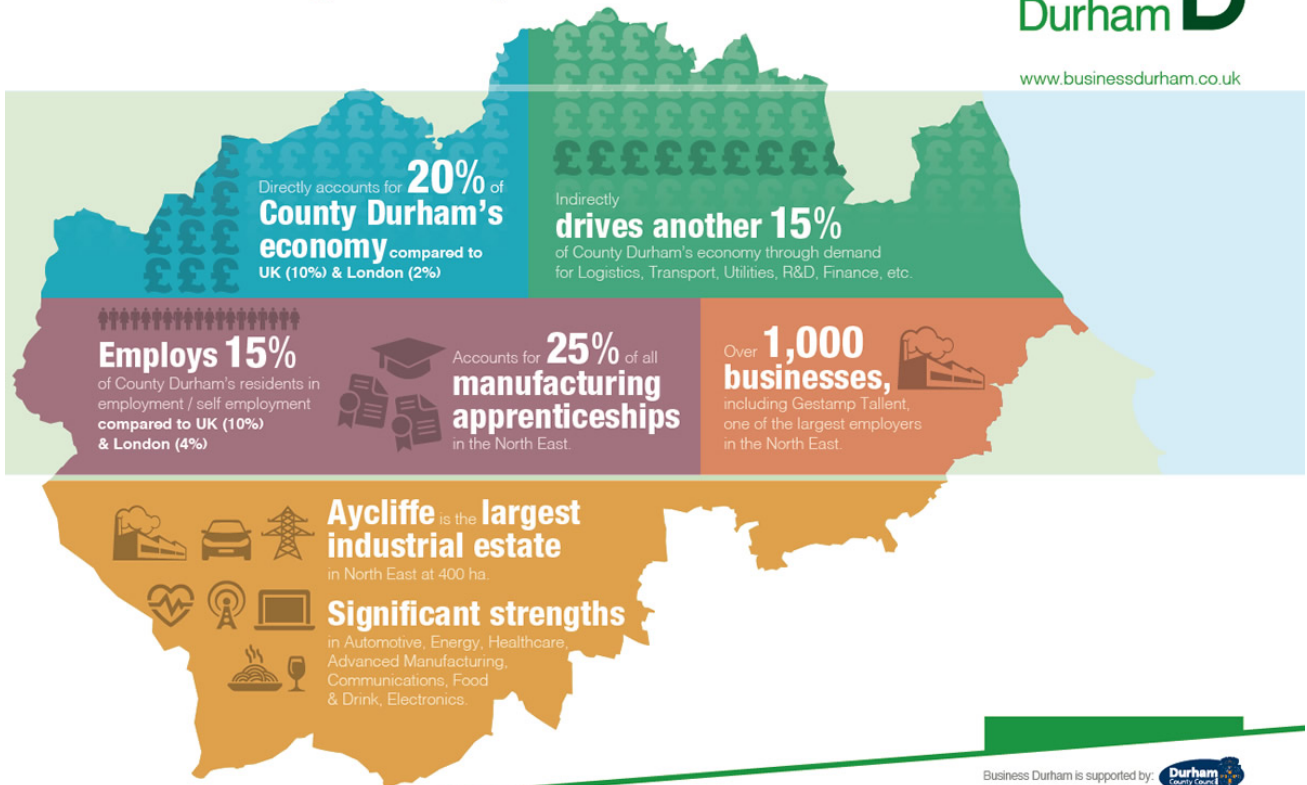
- Atom Bank: secured planning for their HQ at Aykley Heads and is up to 100 staff.
- Compound Photonics: on programme with its product launches and will be able to create 30 jobs.
- Coveris: planning permission received with project on track to create 100 new jobs in 2015. Stiller was awarded the Coveris warehouse contract with 12 safeguarded and 21 new jobs.
- DPE Automotive: a £1.5M investment in new presses with six new jobs linked to Gestamp/JLR growth.
- Exhibit Art: completed its new product development.
- Faerchplast: building a new warehouse, recruiting 37 jobs including possible redeployment from Nampak and KP.
- Gestamp Tallent: a new Jaguar Land Rover contract and 150 new jobs.
- Hitachi Rail Europe: advertised for 200 jobs in 2015.
- Ineos: 35 new jobs have been created through a £5M investment at Newton Aycliffe. In addition two technical apprentices are being recruited through introductions via Business Durham to the Science Industry Partnership.
- KP Snacks at Tanfield Lea: increased production and headcount now that the Consett site has closed.
- Masfab: linked up to the Science and Technologies Facilities Council to enable the company to explore potential new market opportunities, such as supply chain opportunities in the European Extremely Large Telescope project.
- Roballo Engineering: supported to identify an occupational health provider.
- Seaton Buildings: successfully relocated to Cold Hesledon, Seaham.
- Stanley Black and Decker: confirmed its presence in Spennymoor with 125 jobs safeguarded.
- Star Products: supported to expand production in higher margin products which will entail moving into larger premises and potentially 10 additional jobs.
- Sweethart Coffee and Cake: finalists in the best bakery category at the Northern Independent Retail Awards.
- Thorn Lighting: expanding rapidly thanks to the Let's Grow Fund with 119 jobs created.

Appendix 4a: Manufacturing in County Durham

Manufacturing in County Durham



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Business Durham is supported by:

Appendix 4b: The house that County Durham built

The house that County Durham built...

Business **B**
Durham **D**

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Some of Durham's manufacturing stars...

- | | |
|--|--|
| <ul style="list-style-type: none"> 1 Orsto: Wrist watches incorporating smart communication technology 2 I Sunk Your Battleship: High fashion streetwear for men 3 Liberty Drums: Hand crafted drums built using traditional and modern techniques 4 Esh Construction: Property, with fencing, landscaping and energy saving services 5 Romag: Specialist glass and solar products 6 Roman: Showers and wet rooms 7 GlaxoSmithKline: World leading medical treatments 8 Tricogen Laboratories: Hair and beauty care products 9 Bristol Laboratories: Generic pharmaceutical products 10 BHK: UK market leader for bedroom and kitchen drawers 11 PolyPhotonix: Sleep masks treating diabetic blindness 12 Husqvarna: Flymo and robotic lawn mowers | <ul style="list-style-type: none"> 13 Gestamp Tallent: Chassis for most of Europe's car manufacturers 14 TRW Automotive: Car electronics, including parking sensors 15 Stanley Black & Decker: Power and garden tools 16 Ebac: Washing machines, chest freezers, dehumidifiers, and water coolers 17 Wilsonart: Kitchen worktops 18 Walkers: The nation's favourite crisps 19 Compound Photonics: High definition projectors for smartphones 20 Lanchester Wines: Bottling, wholesale and gift hampers of wines and whiskies 21 Thorn Lighting: Architectural, emergency, street and sports floodlighting |
|--|--|

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Appendix 5: Lost inward investment projects

Sector	Description	Reason for loss
Chemicals	A chemicals company with a plant in the NE and H.O. in the SE. The enquiry was initially for a small plant to support sales to regional customers. A viewing of Wavin took place that was very positive. The company declined to follow up on its power requirements; the reasons for this are unclear.	This is unknown. It is possible that the company was fishing in the first instance. An analysis of the finances of the company raised questions and it may be that it has decided to concentrate on making its existing operations efficient and profitable before investing and expanding.
Manufacturing for the Construction sector	Structural Steel fabricator with an option to close a plant in another part of the Country and expand in the NE closer to its HQ.	The company had a short window in which to divert project investment from the site under threat. The premises identified in Peterlee had some complicated issues to resolve and these, combined with the fact that it was fundamentally too large meant that the company decided to stay put.
Food manufacture	Foreign grain based food producer. Had NE options in Northumberland and Merchant Park. The Regional Partnership engaged in the absence of a Gateway Manager. The company made a successful application to RGF on the back of NE support.	The company managed to acquire a speculatively built food grade manufacturing facility in the North Midlands.
Manufacturing	Peterlee based manufacturer co located and needing independence and additional space following acquisition. The project location, though determined is not yet in the public domain.	The project has gone to the South of Sunderland – the nearest premises found compatible with retaining the skilled staff. There were no suitable units in the 50,000 sq. ft mark to allow us to keep the company who were keen to remain in Peterlee.

Appendix 6: NETPark university collaborations



Appendix 7: Detailed breakdown of Business Durham's property portfolio occupancy

Property Name	No of Units	Gross Floor Space (m2)	Occupancy as at Sep 2014	Occupancy as at Sep 2015
Sacriston Industrial Estate	19	2,058	73%	100%
Stella Gill Industrial Estate	35	4,395	87%	83%
Tanfield Lea South Industrial Estate	4	1,018	100%	100%
All Saints Industrial Estate	5	1,347	100%	100%
Chilton Industrial Estate	18	5,615	82%	91%
Dabble Duck Industrial Estate	9	2,177	72%	91%
Coulson Street Industrial Estate	5	565	100%	100%
Dean and Chapter Industrial Estate	11	1,533	70%	100%
Fishburn Industrial Estate	6	2,262	23%	56%
Tudhoe Industrial Estate	12	944	100%	100%
Furnace Industrial Estate	20	2,671	88%	85%
South Church Industrial Estate	5	697	100%	100%
Stainton Grove Industrial Estate	25	2,927	53%	63%
Randolph Industrial Estate	6	929	100%	100%
Harvey Court, Low Willington Ind. Estate	5	848	100%	100%
Brockwell Court, Low Willington Industrial Estate	1	290	0%	0%
Industrial Total	186	30,275	77%	86%
Consett Business Park (inc Derwentside Business Centre and ViewPoint)	61	6,839	75%	82%
Tanfield Lea Business Centre	41	2,591	45%	49%
Shildon Business Centre	8	132	89%	100%
St Stephens Court, Low Willington	14	1,252	66%	51%
Crook Business Centre	14	560	94%	66%
Durham Dales Centre (excl Tea Room and Gift shop)	19	558	89%	58%
Office Total	198	11,962	70%	70%

NETPark Incubator	79	1,984	87%	89%
Kromek	1	1,759	100%	100%
NETPark Discovery 1	8	1,440	75%	100%
NETPark Discovery 2	8	1,442	50%	100%
NETPark Research Institute Building (Durham University)	1	1,759	100%	100%
Science Park Total	97	8701	85%	97%
Grand Total	481	50,938	77%	84%