

29 June 2017



Business Durham

Joint Report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background detail on Business Durham prior to a presentation by Simon Goon, Managing Director, Business Durham highlighting the work and impact of Business Durham in County Durham.

Background

- 2 The Economy and Enterprise Overview and Scrutiny Committee receives on an annual basis an update on the work of Business Durham identifying the various activity undertaken and the impact of that activity on the county.
- 3 The last update was provided to the committee at a special meeting on 20 December 2016 where it was agreed that a further update would be included in the future work programme of the committee for 2017/18.
- 4 Arrangements have been made for Simon Goon, Managing Director and Sarah Slaven, Business Development Director, Business Durham to attend the meeting of the committee scheduled for 29 June 2017 and deliver a presentation providing background detail on Business Durham, that will be of particular interest to new members of the committee, together with detail of the work undertaken and the impact of Business Durham in County Durham. The presentation on 29 June 2017 will provide an overview on:
 - (a) Business Durham, as DCC's lead on business engagement
 - (b) The business property, future plans and occupancy performance
 - (c) Business engagement activities and initiatives
 - (d) Supporting enterprise in County Durham
 - (e) Work to develop a greater innovation infrastructure.

Business Durham

- 5 Business Durham, the economic development company for County Durham, aims to deliver the environment for economic and business growth and to raise the profile of Durham as a place where business is done.

- 6 Business Durham helps businesses locate, stay, grow and diversify and create wealth in County Durham. At the same time, we will deliver financial self-sustainability and operate in a commercial manner. Fundamentally, Business Durham exists to help businesses create wealth, which leads to job creation. Aligned with the business and enterprise strategy objectives Business Durham seeks to increase the size of the private sector to rebalance the County's economy. All of this is undergirded by the ambition of raising the economic aspirations of our client groups.
- 7 Business Durham operates the Council's industrial business property portfolio via a commercial model, 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, strategy development, inward investment, and enterprise.
- 8 Business Durham focuses on sectors where activities will have the most economic impact. These sectors (effectively, non-retail and non-leisure) account for approximately 9,500 businesses (VAT/PAYE registered) in County Durham.
- 9 Business Durham benefits from an Advisory Board, supported by Members and private sector board members, to advise, inform and support the operations of the team. Operationally, Business Durham has three teams:
 - (a) Business Space Team: has responsibility for the marketing, letting, management and development of the Business Durham business property portfolio across the County, consisting of 481 individual lettable units, totalling 50,938 m², across 24 different locations. The range of properties includes the recently acquired Salvus House offices at Aykley Heads; managed business centres at Consett, Tanfield Lea, Crook and Shildon; factories across fifteen industrial estates; NETPark, and the Durham Dales Centre at Stanhope. The Team is based across five locations: NETPark, Consett, Tanfield Lea, Stanhope, and Durham City.
 - (b) 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, County Durham Engineering and Manufacturing Network, the LEP, regional business support organisations, and local, national, and international business networks. The team also leads on enterprise animation activities and the flagship Future Business Magnates (FBM) schools competition.
 - (c) Innovation and Growth Team: oversees inward investment, the innovation agenda, sector development, site-specific propositions and the marketing and communications activity.

Looking forward

- 10 As Brexit becomes more realistic and the nature of any future arrangements known, there are likely to be impacts felt in the economy. Based on discussions, business's largest concerns are about frictionless trade and restricted movement of people, which could hinder the availability of skilled workforce. There are also likely to be adverse impacts on the HE sector, linked to people, funding and access to research partners becoming limited.
- 11 Business Durham has been very active in encouraging businesses to benefit from supply chain opportunities in the rail sector following Hitachi Rail Europe's decision to locate in County Durham. Increasing numbers of Durham businesses are now in the rail supply chain, supplying Hitachi and the other train manufacturers in Europe, leading to job creation. This work will continue as new train orders are won and more content is sourced locally. There are also similar opportunities in the automotive supply chain. The UK and European based car companies are looking to increase the amount of parts bought from the UK by many billions of pounds over the coming years. This is in part to help offset currency risk, but also as an ongoing need to improve their business models. Specifically for Durham there are opportunities from such FDI, particularly following the decision of Nissan to build the next generation of Qashqai and X-Trail at Washington. Jade Business Park (formerly Hawthorn), Integra 61 and Forrest Park are all of interest and between them will provide over 4million sq. ft of industrial space over the next five years.
- 12 Innovation is the translation of ideas into wealth and prosperity, the successful launch into the market of new products, services and processes. Companies which innovate tend to survive longer and are more agile in meeting market needs, creating good quality jobs. Business Durham devotes resources to building clusters in innovative sectors, such as space technology and satellite data, and scanning for future opportunities, such as Industry 4.0, to ensure the County's business base is ready for new challenges, building its resilience.
- 13 Business Durham leads a regional consortium on developing a space technology cluster working with the Satellite Applications Catapult and UK Space Agency. The North East Space for a Safer World consortium will continue to open up the opportunities for SMEs to engage with the space sector, set to become £40bn by 2030.
- 14 Working with Durham University and New College Durham, Business Durham will be establishing an incubator, called Durham City Incubator (DCI) in early 2018, based in Salvus House. The DCI will be funded in the early years with ERDF and will seek to attract 10 new businesses to enter the incubator every 6 months. DCI will also provide a much-needed venue for the half a dozen or so businesses that spin out of Durham University each year. The investment monies available from Finance Durham will aid this initiative. The DCI will also further the number of businesses on Aykley Heads adding to the increasing cluster of professional service firms already located as the site is opened for more employment.

Recommendations

- 15 That the Economy and Enterprise Overview and Scrutiny Committee note and comment on the contents of the above report and presentation.
- 16 That the Economy and Enterprise Overview and Scrutiny Committee receive a further report detailing the progress and further development of business activity undertaken by Business Durham at a future meeting of the committee as part of the 2018/19 work programme.

Background papers:

Economy and Enterprise OSC report - Business Durham – Update – 20 December 2016.

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Appendix 1: Implications

Finance – N/A

Staffing – N/A

Risk – N/A

Equality and Diversity – N/A

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – N/A

Procurement – N/A

Disability Discrimination Act – N/A

Legal Implications – N/A