

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Thursday 29 June 2017** at **9.30 am**

Present:

Councillor A Batey (Chairman)

Members of the Committee:

Councillors E Adam, J Atkinson, J Clare, M Clarke, M Davinson, D Hall, T Henderson, A Hopgood (substitute for E Scott), P Howell, P Jopling, L Maddison, J Maitland, C Martin (substitute for R Ormerod), A Patterson, A Reed, L Taylor and M Wilson

1 Apologies for Absence

Apologies for absence were received from Councillors R Crute, P Sexton, Mr T Batson and Mr I McLaren.

2 Substitute Members

Councillor A Hopgood substituted for Councillor E Scott and Councillor C Martin substituted for Councillor R Ormerod.

3 Minutes

The Minutes of the meeting held 23 February 2017 were agreed as a correct record and were signed by the Chairman.

Councillor L Maddison asked whether there was an update in relation to Item 6 of the minutes in respect of Tourism Marketing and data from the Port of Tyne. The Overview and Scrutiny Officer, Diane Close explained that officers from Visit County Durham (VCD) were looking to get this information and bring this back to Committee at a future date however she would contact VCD to see if any further data was currently available.

The Principal Overview and Scrutiny Officer, Stephen Gwilym added that in relation to Item 8 of the minutes, Mr T Batson had been in contact to explain that he had now taken on a further apprentice at his business.

4 Declarations of Interest

There were no Declarations of Interest.

5 Items from Co-opted Members or Interested Parties

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

6 Media Relations

The Overview and Scrutiny Officer referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The articles included: Dalton Park set for a £2m refurbishment, following Phase 2 development further investment in the centre to improve the shopping experience; a student from East Durham College (EDC) being one of six entrepreneurs competing for National Entrepreneur of the Year; businesses being attracted to Salvus House at Aykley Heads, with Durham County Council (DCC), Durham University and New College Durham (NCD) working to attract firms in the engineering, communications and digital design industries; and figures showing that the North East was the UK leader in science and technology, with 21% of people in the North East workforce being employed in those sectors.

Councillor J Maitland noted that she, together with her fellow Local Member, A Napier welcomed the work planned at Dalton Park, including refurbishment of existing facilities as well as improvements to lighting and car parking.

Resolved:

That the presentation be noted.

7 County Durham Economic Partnership

The Chairman introduced the Chairman of the County Durham Economic Partnership (CDEP), Professor Brian Tanner, and the Principal Policy and Partnership Officer, DCC, Tarryn Lloyd Payne who were in attendance to provide the committee with detail of the CDEP's vision and priorities, measures of success, partnership activity to make a difference and economic challenges (for copy see file of minutes).

The Chairman, CDEP explained he was one of several Chairman of thematic groups, under the umbrella of the County Durham Partnership (CDP). Members noted that the CDEP had a vision: "We wish to see County Durham as a highly valued centre for business growth and innovation; with a vibrant local economy, high value employment opportunities, a quality housing offer and a highly skilled local workforce". It was added that while not there yet, the place to start was in trying to improve the employment rate for County Durham. The Committee were reminded that the CDEP had no funding of its own, rather it acted to help coordinate and foster cooperation between partners, not operate programmes of its own.

Councillors noted that in order to help judge levels of success, five measures were looked at: employment rate; gross value added (GVA); number of businesses; household disposable income; and employment deprived index deprivation.

The Chairman, CDEP noted it was important to note that the targets set out were for 2030, and that while there was progress in four out of five of the measures, the GVA had lost ground, though the number of Lower Super Output Areas (LSOAs), those areas in the top 20% of employment deprived areas, was reducing.

Members were referred to a graph showing the relative changes in employment rate over the period 2004 to 2016 and it was highlighted that while there was a degree of uncertainty, a factor of the sample size, the general trend was positive. However, it was explained that the gap between County Durham and both the regional and England and Wales rates was refusing to narrow.

Councillors noted that GVA was a measure of the value added by the processes, products and services provided in County Durham, a measure of our productivity. Members noted a graph showing that there was a widening gap between the County Durham GVA and that of the North East and the rest of the United Kingdom. It was explained that GVA helped inform as regards the quality of jobs, however it also rolled in the number of people not in a job. The Chairman, CDEP noted that therefore it had been requested to provide the figures in terms of the GVA per filled job, and Members were referred to a further graph showing this trend over time from 2002 to 2016, with the target for 2020 also shown. It was highlighted that this showed that there were better jobs being created, and that this was something being pushed by the North East Local Enterprise Partnership (NELEP). Members also noted that the GVA per filled job in County Durham was the same as the region although the gap to the United Kingdom figure remained.

The Chairman, CDEP referred to a map of County Durham highlighting the areas of deprivation, and explained that it was not simply a matter of geography, with some of the most deprived areas sitting alongside the largest areas of development, for example Aycliffe, a deprived area sitting next to the largest industrial park in England. Members noted that place investment was not simple and that there were many factors mixed up within this including skills, infrastructure and transport.

The Committee noted that a partnership approach was undertaken in terms of “more and better jobs”, with this being the NELEP’s strategic economic plan. It was noted that this followed an investment approach, with place based regeneration, human capital and business growth. It was added that the Vice-Chair of the CDEP, Sue Parkinson was liaising with the NELEP as regards joint working, and regional working arrangements through ESF and fighting County Durham’s corner when coordinating investment. It was added that another element would be to look for opportunities post-brexite, and ensure there was a pipeline of opportunities and that funding was spent wisely.

Members were given several examples of place based regeneration and growth such as: Aykley Heads; Salvus House; Durham University Masterplan; Durham BID; Hitachi; NETPark; Hawthorn Enterprise Zone; Horden Rail Station; Bishop Auckland Town; Kynren; County Durham Housing Group; and major junction improvements on the A19 and A1 arterial routes. It was highlighted that NETPark had started relatively small, however, had the potential to be a large economic driver for the County.

The Chairman, CDEP explained that in terms of Human Capital, there were several examples such as the Youth Employment Initiative scheme, DurhamWorks and the Council's County Durham Apprenticeship Programme.

It was noted that in respect of business attraction and growth there had been the Durham Business Opportunities Programme, Finance Durham and the JEREMIE 2 programme. It was explained that it was important to maximise funding opportunities, including the Local Growth Fund (LGF) and the EU Programme.

The Committee noted that there were challenges ahead, in promoting the County as an area to do business and in playing to our strengths, as well as continuing to understand and tackle barriers to investment through a multi-faceted and partnership approach. The Chairman, CDEP concluded by reiterating that through understanding these barriers it was hoped to close the gaps previously mentioned, with the CDEP looking to: work together to add value; coordinating what we are doing; and informing partners of opportunities.

The Chairman thanked the Chairman, CDEP for his update and asked Members for their comments and questions.

Councillor P Jopling noted the maps as shown and asked whether there was a need to link skills to those business hubs, "skilling up" local people in those areas rather than simply bringing in people from other areas. The Chairman, CDEP noted this was the case, a good example being the University Technical College (UTC) at South Durham, linking to the skilled development at Hitachi. He added that skills were important, however, there was also a need in terms of transport as this was very important in terms of both economic and social impact.

Councillor L Maddison noted the references to NETPark and asked if there were links in place in terms of the Science Park being developed at Sunderland, to work in cooperation with them. The Chairman, CDEP noted that Sunderland flagships were based upon the digital economy, on software and the slightly less tangible, whereas NETPark was more "hard science" such as Polyphotonix and their work on a mask to treat diabetes and Kromek and their work in relation to radiation detector technology. The Chairman, CDEP explained he saw their development as complimentary rather than competitive, with plenty of space in the sector for both the development at Sunderland and NETPark.

Councillor J Maitland noted she felt that it was important to get the message through to 14-15 year olds at school as regards what jobs were available, or would be available, and therefore what skills they would need to be able to access these good jobs. The Chairman, CDEP noted that this was indeed the point, with national careers guidance gone it fell to individual schools and this led to a variation in the quality of provision. The Chairman, CDEP went further to suggest that it would be important to try and reach young people at an even earlier age, perhaps in Years 7 or 8 in terms of explaining the types of opportunity there were for skilled work. Members were reminded of the success of the Future Business Magnates (FBM) competition and that this was a good example of being able to raise awareness of career options and in raising aspirations in terms of being able to access opportunities and work in these sectors.

Councillor P Howell noted the GVA measure and asked how the service industry was picked up, representing a large number of the jobs in our County.

The Chairman, CDEP noted that there was not as good a proxy in terms of measuring the service industry impact, however, the GVA was a good indicator of where we are going and of “what are better jobs”.

Councillor P Howell asked if there were statistics that could be compared excluding for example London, to give a more balanced view of the County in comparison to similar areas within the country. The Chairman, CDEP noted that the Principal Policy and Partnership Officer should be able to get such regional information for Members.

Councillor D Hall noted the measures of success had a target of 2030, however asked if there was anything that could be learned from the sharp increase in 2006 as shown on the graph that had been presented to the Committee. The Chairman, CDEP explained that pre-recession there had been a heavy reliance on the public sector and there had been subsequent cuts to the public sector. It was noted that also there had been a number of companies fail during the recession and there was not a single answer in terms of why there was an increase, however, it was noted the pre-recession there had been a lot of long term investments. The Chairman, CDEP added that it would now be very important to use funds wisely, those from the Council, EU, Investment Banks and the Government, but also to be bold.

Councillor E Adam asked if there were any interim targets, in working towards the 2030 targets. The Chairman, CDEP noted that the Partnership was keeping a track of the measures and the Principal Policy and Partnership Officer added that while they were tracked many were not controlled directly. The Chairman, CDEP cited NETPark as an example whereby a long term investment could take a while to develop and progress into a success. Councillor E Adam noted 2030 was a long way away and that frameworks available now may need to change for the future. The Chairman, CDEP explained that the Regeneration Statement was something that was refreshed to take changes into account and the Principal Policy and Partnership Officer added that the annual “State of County Durham” report was available via the CDEP website. The Chairman, CDEP explained that the CDEP had a number of working groups, looking at issues such as: Business, Enterprise and Skills; Housing; and Rural issues and therefore there was a lot of depth in the number of people brought in from different backgrounds to help feed into the work of the CDEP.

Councillor J Atkinson noted the comments as regards the trading estate at Newton Aycliffe and the talk in terms of wanting to create more “better” jobs, however he noted not to underestimate the value of “a job” and that young people should be encouraged to help see that not all “factory jobs” were low skilled or mundane, that in fact there was a lot of real, good jobs out there. He added that he felt it was important to help ensure a “good fit” for people and asked what information was fed into the CDEP as regards this, noting that recent STEM events were good, however, could be aimed at young students to help generate more interest. The Chairman, CDEP agreed, and with the earlier comments from Councillor J Maitland, in terms of raising aspirations at a younger age and to give young people a truer image of manufacturing, highlighting there are some very exciting job opportunities and that the current mind-set as regarding these types of job needed to be changed.

The Chairman noted that the Committee had representatives from education providers, Schools and Businesses attend a meeting and it had been noted there was an overlap in terms of such provision and suggested this was an area to be looked at and addressed. Councillor M Davinson noted that as young people chose their GCSE pathways at Year 8 then it would be logical to approach young people with the information as regards potential careers within Year 7.

He added that there were barriers in terms of being able to raise aspirations, bring home the value of having a job, and to break the cycle of worklessness. Councillor M Davinson noted his Division's Wards were all within the bottom 10% in terms of deprivation and also noted that the "brain drain" from County Durham was also an issue and asked how we encourage people to stay in the area. The Chairman, CDEP noted that a focus on aspiration was key, however there was not a simple or single answer. It was explained that role models were important, however the distribution of high achievers, at A-Level, were mostly at a very small number of schools, and therefore the number of such role models across the County was relatively low. The Chairman, CDEP added that he noted from a recent FBM event that it was clear from speaking to one of the teachers involved that enthusiastic staff were important in terms of encouraging the pupils to be interested and inspired.

Councillor A Hopgood asked if it was made clear to high achieving students that the academic route was not the only option available to them, with University noted as being the only measure of success. The Chairman, CDEP noted that a feature of one of the FBM teams was the involvement of alumni from that particular school helping to inspire and act as a role model, as previously described.

Councillor A Hopgood asked in terms of the data for GVA if there was more recent information rather than January 2015. The Chairman, CDEP explained that this was the most up-to-date data, however, the CDEP spoke to partners as regards any emerging trends or events that may be relevant while awaiting statistical evidence. Councillor A Hopgood noted a downward trend at January 2015 and asked if we were in a better position now or worse. The Chairman, CDEP explained that it depended upon which aspect, however, business was confident, with decisions made 5 years ago for example regarding Nissan and Hitachi, now coming to the fore.

Councillor P Howell noted that given the success of Hitachi then it would follow that in the period from January 2015 to now that the GVA would have improved, and he added that benchmarking of interim progress against the measures would be useful, and when did the figures and targets "start" from. The Chairman, CDEP noted that the refresh of Regeneration Statement around 2 years ago gave the latest targets and that there was a 15 year "window" in terms of looking at such activity. Councillor P Howell noted that in terms of motivating people, people only see "little boxes" at Newton Aycliffe and not understand what goes on inside the buildings and what job opportunities existed. He added that he felt businesses could be best placed to show what opportunities were available for young people. The Chairman, CDEP agreed, however, it was being able to convince businesses that such an investment of their time would pay off. He added that FBM had shown how industrial partners can help to inspire young people and it was how to get this engagement as part of the norm.

Councillor P Jopling asked as regards funding for careers advice and the Chairman, CDEP noted that this was within schools' budgets, however, in a climate of increasing budget pressures, then how much resource was allocated to careers advice was for individual schools to determine. Councillor P Jopling asked whether there could be a promotion highlighting the benefits of business and education engagement.

The Chairman, CDEP explained that one method of trying to help businesses become involved was being led by the Business Development Director, Business Durham, Sarah Slaven, rolling out an FBM workshop for Year 7 pupils, and utilising video conferencing opportunities to make it more time and cost effective for businesses to speak to a number of young people within a school. It was added that this was an area being developed.

Councillor L Maddison asked what was being done to stop young people moving away from our area when starting university, was there something our local universities could be doing to help retain people locally. Councillor M Davinson added he believed it was around 50% of Durham students stay after completing their courses, with around 33% of those from the area travelling out of the area to go to university coming back to the County.

Resolved:

That the report and presentation by the CDEP be received and comments made by Members be noted and reflected in the consideration of the Committee's 2017/18 Work Programme.

8 Business Durham

The Chairman introduced the Managing Director, Business Durham, Dr Simon Goon, who was in attendance to provide the committee with detail of the work and impact of Business Durham (BD) (for copy see file of minutes).

The Managing Director, BD introduced the Business Development Director, Sarah Slaven who was also in attendance to provide further information for Members.

It was explained that it would be a whistle-stop tour of the work undertaken by BD, and that as the economic development company for County Durham, BD would:

- Deliver the environment for economic and business growth and raise the profile of Durham as a place where business is done;
- Help businesses locate, stay, grow and diversify and create wealth in County Durham. At the same time deliver financial self-sustainability and operate in a commercial manner;
- Act with integrity with clients and partners;
- Take on new challenges;
- Flexibly balance the needs of the team;
- Drive innovation and creativity;
- Deliver in partnership.

Members noted there were three main functions within BD: Business Space, led by Peter McDowell; Business Development, led by Sarah Slaven; and Innovation and Business Growth, led by Catherine Johns.

It was explained that while BD supported businesses, there being approximately 9,000 in the County, however it was noted that Visit County Durham (BD) supported leisure and tourism, with the retail sector being under the remit of Economic Development. Councillors noted the importance of innovation and the impact of developing new areas of activity, such as the Space sector, and noted the North East Space and Satellite Applications Hub (NESSA) which gave strength at a national level.

The Managing Director, BD noted the performance of BD in engaging with around 1,000 businesses per year (10% of the businesses in County Durham), encouraging projects that looked at growth as well as helping smaller companies in addition. It was added that BD made good use of communication channels to promote good news stories and that through this and networking opportunities there was the ability for “iron to sharpen iron” in that respect.

It was added that there were a number of strategic programmes, including: the Durham Business Opportunities Programme; Durham Smart County; Finance Durham; North East Space Incubation Programme; EU Interreg Space and Photonics Programme; and also securing the North East Satellites Applications Centre of Excellence for another three years. Members noted work in terms of business properties with refurbishment of 1980s stock to help improve the facilities and in turn generate more rental income. It was added that in respect of small scale units no new properties had been identified in 20 years.

The Committee noted there were a number of unique selling points for County Durham, including: a world top 100 university; the best police force in the country; home to four national technology centres; home to the largest industrial estate in the North East; being a growth hotspot identified by the European Financial Times 1000; having the only science park in the UK with two science catapult centres; and had a manufacturing sector which accounts for 20% of its economy. The Managing Director, BD noted work with partners in terms of the Business Enterprise Framework, the approach agreed by the CDEP, looking to grow the number of businesses and the number of jobs.

Members were reminded of the BD property portfolio, with the stock falling into 3 main types, large industrial units, office space and NETPark. Councillors noted that Salvus House had been purchased by the Council in November 2016 to be converted into a range of office units and now had 48% occupancy. It will also house the Durham City Incubator. It was added that there were units at the Business Park at Consett, in addition to the offer at NETPark, together with the NETPark Incubator. It was noted that overall occupancy levels had been grown, from just over 70% 3 years ago to 85.8% now, with industrial spaces having an occupancy in March 2017 of 93.5%, and NETPark having occupancy levels of 99.3%.

The Managing Director, BD explained as regards investment in infrastructure for NETPark Phase 3, 13 hectares of additional serviced land for development, with the potential to create 350,000 square feet of new space, creating 1,400 jobs over the next 15 years. Members noted £2million of industrial investment by DCC in terms of industrial estates at Chilton, Tudhoe and Ferryhill.

The Committee noted that in terms of growth at Aykley Heads, it was an opportunity to augment County Durham, with an excellent example in Atom Bank working with the FBM programme and schools as well as providing 340 “more and better” jobs. It was added that growing the area into a business district for Durham City would in turn be for the benefit of all of County Durham.

The Business Development Director reiterated the comments made in relation to the previous item in respect of aspiration, highlighting the success of FBM, the programme having been running for 12 years, with all secondary schools invited to enter. It was added that participation had been good with 21 out of 32 County Durham schools involved this year, however, Members may be able to help encourage those schools not participating to join and realise the benefits of working with local businesses in this way. It was added that many businesses were keen to get involved, and to run workshops with schools and arrange visits for students to their businesses in addition as appropriate. The Committee noted that businesses, such as Thorn Lighting were keen to engage with young people and, as previously mentioned, it may be possible to utilise video conferencing in terms of working with Year 7 pupils, another opportunity to raise aspirations.

Councillors noted the Durham International Festival of Enterprise, which had held its first annual event in February at the GALA in Durham, with over 300 people having attended. Members learned other work to promote enterprise included with Durham University and the Enterprise Agencies in the County, promoting “Kick Start weekends”, the university’s Blueprint Enterprise Challenge and “Entrepreneurs Durham”, a student society.

It was noted that as a response to an earlier question in terms of “brain drain”, the Durham City Incubator was a partnership between Durham University, New College Durham and Durham County Council, based at Salvus House. It was explained that this would offer intensive support for start-up businesses, offering a package of support including accountancy and legal services. It was noted that EU funding had been applied for in this respect and that it was hoped that once the concept was proven that it would attract private sector investment.

In terms of enterprise, there would be a refresh of the Enterprise and Innovation Strategy, making it clear “who did what” and looking at gaps, such as helping self-employed people moving from year 1 to year 2 in their business.

Councillor A Hopgood left at 10.50am

Business Development Director explained that business engagement was the main area of BD’s work and this included helping with issues associated with land, premises, new staff, where BD could help make connections and coordinate. Members were reminded of our three business parks: Aycliffe; Peterlee; and Drum; and that mechanisms were given to help them engage with their local areas, looking to increase business opportunities so that businesses could help themselves within each business park. It was noted that Aycliffe was very active with a new website in development to help raise awareness and also representatives had visited two local schools to highlight what businesses did in their business park.

It was added that in terms of Peterlee Business Park there had been actions in terms raising the profiles, working with local schools and with a special edition of their business park newsletter entitled "Careerwise". Members noted that there were similar activities at Drum Business Park at Chester-le-Street.

The Committee noted that Durham Business Opportunities Program (DBOP) that has secured European Regional Development Fund (ERDF) funding to help engage businesses that tend not to take up support and to connect them with market opportunities and how BD can help them to grow.

It was explained that 97% of businesses in County Durham were small or medium sized enterprises (SMEs) and that often they did not have the time or capacity to chase such funding opportunities. An example given was of the childcare sector, with Government changes coming into effect in September 2017 meant that many parents would have the opportunity to access 30 hours of free childcare a week, an increase from 15 hours. The Council's Early Year Foundation Stage Team had identified that not all providers were geared up to provide those additional hours and therefore in helping those businesses prepare it would not only provide them with additional work, it would have an additional effect in helping parents to access work if good childcare provision was in place.

The Business Development Director added that in terms of SME Digital Adoption and the provision of superfast broadband to support businesses, there were some grants in terms of being able to help businesses understand and take the opportunities to allow digital services to support and improve their business. Members noted the significant contribution that the engineering and manufacturing sector made in terms of the County's GVA and therefore it was important to support original equipment manufacturers working with the automotive and rail sectors, especially in the uncertainty regarding Brexit to ensure more UK suppliers. It was highlighted that there would be a "Get into Rail North East" event, in conjunction with the County Durham Engineering and Manufacturing Network, with 69 businesses to be in attendance.

Members noted that in terms of inward investment, BD worked with the Department for Transport and other Local Authorities in the region, with 14 projects last year, an example being Res-Q at Spectrum, Seaham. It was explained that "Durham 2sday" was a relaxed and informal networking event in the heart of the City of Durham for North East entrepreneurs, executives and start-ups from a rich mix of sectors and had been running very successfully for around 2 years. Councillors learned that BD helped in terms of a group of SMEs that meet with the Bank of England as regards providing intelligence to the Monetary Policy Committee, making County Durham's voice heard in terms of policy.

It was added another activities included innovation breakfasts and "Food Truck Friday", the latter operated at Aykley Heads helping to create a business community.

The Business Development Director noted, in terms of securing venture capital for our County, the formation of Finance Durham LP, Financial Conduct Authority registered, and with Maven Capital Partners managing the investment fund. It was noted this was for investments of typically around £200,000 to £700,000, though up to £2 million, with 10% of funds being set aside for start-ups. Other aspects included that "soft side", helping businesses to be capable and able to access finance and encourage this across County Durham.

It was added that the fund has been designed to link with other investors, such as the JEREMIE 2 fund, and investments will be spread out across all sectors and sizes of business, designed to give a mixed risk portfolio. Member noted that to be eligible, businesses need to be based in County Durham or be relocating to the region when the investment is made. Members noted that for NEWCO, DCC had been shortlisted for a Management Journal (MJ) Award in 2017.

Councillor D Hall left at 11.05am

The Committee were reminded of further developments at NETPark and the Satellite Applications Catapult and the Managing Director, BD added that a visit to NETPark, and Salvus House, may be beneficial for Members.

The Managing Director, BD noted “Industry 4.0” or the fourth industrial revolution (mechanical, electrification, automation, digital) and explained that Durham Smart County was the approach of putting problems at the centre of sector strategies and using them to focus and build local capabilities. It was added that it was important to frame up questions in order to get the best answers, and an example was the issue of health inequalities. It was noted that one of the underlying causes was social isolation and that via the Small Business Research Initiative (SBRI) it was possible for the private sector to look at innovation in building materials and better engagement in our own health. Members noted that through more collective working and better commissioning there would be more economic activity. It was explained for Durham there were three companies looking at this specific issue, one utilising smart phone and smart watch technology to monitor and flag up issues with a person’s health, with others including myPALs, with St. Cuthbert’s Hospice and “Be Together”, technology.

The Committee noted that the space sector was very important and growing, a £40 Billion opportunity, with areas including satellite technology. Members were reminded of the Catapult and the work to help SMEs access those opportunities. An example given was the use of satellites to track jellyfish blooms near to power stations, as they can block the inlets for cooling water, and therefore measures can be taken as soon as possible to prevent the need for a shutdown. The Managing Director, BD added that another application of such technology was in “RealRider” a system that tracks motorcycle riders and alerts the ambulance service should the rider be involved in a crash. It was explained that this was primarily through the use of an app on a smartphone, however there was possibilities of integration into smart fitness technology and introducing the product to the US market. It was noted that space technology had great potential in helping tackling many issues from environmental protection to human trafficking.

The Managing Director, BD noted that promotion of County Durham was key and that BD worked to promote “Durham as a place where business is done” through: business engagement; innovation; enterprise; inward investment; and its business properties. He concluded by noting that the overarching “This is Durham, Place of Light” brand would be used to showcase County Durham as a place to live, visit, work and do business.

The Chairman thanked the Managing Director, BD and the Business Development Director and asked Members for their comments and questions.

Councillor T Henderson noted the success of large scale industrial and technology parks, such as NETPark, however, he noted that there was a need for smaller business units to be made available, especially in the Weardale and Teesdale areas with local centres nearly full. The Managing Director, BD noted that there was work ongoing to look at a number of potential schemes, with the private sector, where there was demand.

He added that there was an issue in terms of a development gap, with the cost of such units being £10-12 per square metres, with rent only being around £5-6 per square metre and work was being undertaken to look at different models, however, it was not a simple issue to tackle.

Councillor A Reed noted the new shopping area in Bishop Auckland was fantastic, however added that businesses were disappearing, as in other town centres also and therefore how could this be tackled. The Managing Director, BD noted that BD's focus was non-retail, and that teams working within the Economic Development service would be best placed to advise Members on the relevant schemes and projects. Councillor A Patterson noted that Councillor J Allen had done a lot of work in terms of the regeneration at Bishop Auckland working with the Castle and with other developers and that some of the empty retail premises had been sold and were in a period of transition.

Councillor P Jopling asked why around one-third of secondary schools were not engaging with the FBM scheme and whether it was an issue of finance. The Business Development Director noted an issue can be for a school to identify a member of staff keen and able to take on the role. While there was some funding available, the school had to fund transporting pupils to various workshops and participating in the FBM project is not seen as a priority by some schools.

Councillor M Davinson referred to the related performance indicator set out within the performance report which noted a decrease in the number of businesses engaged with and asked why this was the case. The Managing Director, BD noted that in terms of the performance indicators associated with BD he was happy in term of the reduction as more businesses are self-served, and therefore BD could help legitimate business projects get off the ground. He added that there was now a more refined approach, evolving as required, and while those numbers were reducing, there was more efficiency and productivity in terms of those engaged with. Councillor M Davinson asked if therefore it would be more useful to have a new indicator, for example similar to that for the number of unique visitors to the Visit County Durham website. The Managing Director, BD noted that there were a number of internal targets and measures. The Managing Director, BD noted that the volume of those engaged with was important, however, so was the quality and specificity of such engagement.

Councillor E Adam noted that the Managing Director, BD would be leaving his role and asked that he be thanked for all the hard work and excellent service he had given during his time at BD. He also asked as regards technology companies moving out of Durham and of the impact of artificial intelligence. The Managing Director, BD noted that there can be many reasons why a business would choose to move, including if a neighbouring area offers a deal on business space. In terms of artificial intelligence, he noted this was a very interesting field and that there were jobs in this area already within County Durham. He added that it linked into many of the issues discussed within the report and presentation and was an area that the Authority would need to be alert to.

The Chairman thanked the Managing Director, BD for all of his work, noting he would be a huge miss, and wished him all the success for the future.

Resolved:

- (i) That the report and presentation be noted
- (ii) 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.
- (iii) That arrangements be made for a site visit to Salvus House as part of the Committee's Work Programme for 2017/18.

9 Quarter Four 2016/17 Performance Management Report

The Chairman thanked the Performance and Improvement Team Leader, G Wilkinson who was in attendance to speak to Members in relation to the Quarter Four, 2016/17 Performance Management Report (for copy see file of minutes).

The Performance and Improvement Team Leader reminded Members of the changes to services, and that work was ongoing in terms of the datasets for 2017/18. Members were asked to note the "dashboard" summary page included within the report to help present the performance information in a more concise and user-friendly way. It was added that a lot of information had already been covered within the CDEP and Business Durham items and would not be repeated.

Members noted that the majority of town centres had seen retail occupancy increase or stayed the same, with only one town centre showing a reduction. The Performance and Improvement Team Leader noted that information as regards demographics, getting "behind the data", would be available in the "State of the County" document as previously noted by the Principal Policy and Partnership Officer.

It was noted that the number of apprenticeship starts through County Durham schemes was 216, ahead of the 150 target. It was noted that the number of apprenticeship starts that had been sustained for 15 months or more (at December 2016) was 719, equating to 67.1% of those via the scheme. It was added that the DurhamWorks team did look to identify why some apprenticeships did not sustain, with issues including: personal issues; health; returning to education; and the apprenticeship not meeting expectations.

The Committee learned that in terms of housing performance: 640 private sector properties had been improved through Council intervention, ahead of target and 136 empty properties had been brought back into use, ahead of target however below the 2015/16 figure.

In relation to Homelessness, the Performance and Improvement Team Leader explained that number of clients accessing the Housing Solutions Service had increased, though the number of homelessness preventions had decreased. It was added that this could be seen as the numbers accessing the service had increased year-on-year and that the number of homelessness clients accepted had increased.

Officers involved had explained that there had been a number of complex cases with a number of agencies involved and this meant there was a longer process to work through.

The Performance and Improvement Team Leader noted that the Council's properties, those outside of the Business Durham portfolio, had an occupancy of 74%, less than the target 80%, however in line with previous years. She concluded by noting a correction to the appendix to the report, with page 32 a reference to NEETs (Not in Employment, Education or Training) stating "0.0" should have started "n/a" as the figures now reflected 16-17 year olds, with previous figures being for 16-18 year olds.

In relation to unemployment in the County, the Performance and Improvement Team Leader made reference to the recent meeting of the Corporate Overview and Scrutiny Management Board where a question had been raised by a member in relation to the age demographics of those unemployed, where the majority between 50-60 years and whether the figure included disabled people. The Committee was informed that the 'State of the County' report included this detail and that the link would be circulated to the appropriate Member.

The Chairman thanked the Performance and Improvement Team Leader and asked Members for any questions on the performance report.

Councillor J Atkinson noted the figures relating to those leaving apprenticeships and asked how hard the resolve of those people applying for apprenticeships was tested within the interview process to test their suitability. The Performance and Improvement Team Leader noted she would speak to the team as regards the process undertaken and provide a response. The Chairman noted that there would always be a number of people leave an apprenticeship for some of the reasons previously mentioned and therefore a breakdown of the numbers by reasons may be useful for Members.

Councillor C Martin noted the performance in relation to the town centre occupancy rates in Chester-le-Street and Stanley and asked whether additional help was allocated when occupancy rates had decreased. The Performance and Improvement Team Leader commented that the Regeneration Framework was being refreshed and this would take such issues into account and would result in updated Masterplans for County Durham. It was added that in some cases the reduced occupancy rates was the result of national retailers closing stores and this was outside of the control of the Local Authority. Councillor C Martin asked whether the refresh of the Regeneration Framework was simply a process of strategy documents being revised or updated or whether there was funding attached. The Performance and Improvement Team Leader noted that there was not funding directly attached, however, there would be a process to identify where funding could be accessed and drawn down. The Chairman added that in terms of the areas mentioned, the local AAPs would be a good place to raise such issues in order to feed into the Masterplans.

Resolved:

That the report be noted.

10 Refresh of the Committee's Work Programme 2017-18

The Overview and Scrutiny Officer referred Members to the report in the agenda papers relating to the Review of the Committee's Work Programme for 2017-18 (for copy see file of minutes).

Members noted the report set out the work programme for the year ahead and suggested topics for review, though Councillors were reminded of the need to include some ability to look at any emerging issues within the year. The Committee noted that Appendix 2 set out the work programme and priorities and noted topics to be monitored included the County Durham Plan, Visit County Durham (VCD) and EU Funding. Members noted ongoing issues also included: the Housing White Paper and Industrial Strategy Green Paper; Durham Key Options; Digital Support for the Business Sector; DurhamWorks; and homelessness.

Councillor C Martin left at 11.52am

The Overview and Scrutiny Officer added that reviews of the progress against the recommendations from previous work on VCD Marketing Campaigns and Skills Development would be built into the Work Programme, along with potential site visits in terms of Chapter Homes, Traveller sites and, as previously mentioned, Salvus House. It was added that special meetings may be called as required, with a meeting in terms of housing to be arranged in October. It was noted a suggested topic for focused review of supporting the retail sector, had previously been identified by Members of the Committee, at the March 2017.

The Chairman noted that with a great deal of work to be undertaken by the Committee, there may be a need for special meetings of the Committee and also suggested that a visit be arranged to Salvus House and to look next year as part of the Work Programme for 2018/19 into the viability of a visit to NETPark. The Chairman added that she had spoken to the Portfolio Holder in terms of support for the retail sector as a review topic and the Cabinet Portfolio Holder had been supportive of this.

Councillor J Clare noted that the suggested topic tied in with a lot of the issues raised by Councillors at the meeting, and with Business Durham not focussing on retail it was a good idea for the Committee to look at the issues and where it was not within the Council's power then at least to identify issues.

Councillor J Clare added that in reference to page 42 of the agenda pack and the Digital Durham Programme, he noted that Phase 3 would end in Autumn 2018 and therefore this would be something to look at, in what form it would take from 2018. He added for Members' information that Digital Durham lead to the lines being put in, however, BT would only supply equipment, cards, inside the cabinets if there was sufficient demand demonstrated for broadband services. Councillor J Clare also noted that beyond a certain number of properties taking up such services then BT was required to pay back against any Digital Durham investment and noted that was an issue to look into.

In terms of future broadband provision, Councillor J Clare noted that the Digital Durham Programme referred to existing housing stock, not new housing and that it was for developers to register with BT in order to try and secure superfast broadband provision.

Councillor J Clare noted this was the case with several new properties within his area, and included properties developed by Chapter Homes. Councillor J Clare noted that while it may not be possible to look at the topic within this year's Work Programme he felt it was important and should also be a topic for review, possibly next year.

The Overview and Scrutiny Officer noted that the focus on the Digital Durham Programme within the context and remit of the Economy and Enterprise Overview and Scrutiny Committee was to look at broadband provision in terms of helping businesses and the economy. In terms of private individuals and housing this would possibly fall under the remit of the Corporate Overview and Scrutiny Management Board and she would therefore share the concerns raised with the Head of Strategy, Transformation and Partnerships, Jenny Haworth in terms of that Committee. Councillor J Clare added with the shift towards many more people working from home it was vital that properties had access to superfast broadband.

Resolved:

- (i) That the Work Programme at Appendix 2 to the report be agreed.
- (ii) That the review topic of support provided by DCC for the retail sector be agreed.
- (iii) That an additional site visit to Salvus House is included in the Work Programme for 2017/18.

11 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 2 May 2017 were received by the Committee for information.