

25 September 2018



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 Sarah Slaven, Operations 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 the meeting held on 29 June 2017 where it was agreed that a further update would be included in the future work programme of the committee for 2018/19.
- 4 Arrangements have been made for Sarah Slaven, Operations Director, Business Durham to attend the meeting of the committee scheduled for 25 September 2018, on behalf of Brian Archer, Managing Director, and deliver a presentation providing background in relation to Business Durham together with detail of work undertaken and the impact of Business Durham in County Durham during the last year. The presentation on 25 September 2018 will focus on the following:
 - (a) Business Durham's updated mission, vision and strategic aims
 - (b) 2017/18 performance and recent highlights of Business Durham's work
 - (c) Challenges and opportunities facing businesses in County Durham

Business Durham

- 5 Business Durham, the economic development organisation for County Durham, has recently reviewed and updated its mission, vision and strategic aims, as follows:

Mission

To enable growth, create jobs and improve lives in County Durham.

Vision

Business Durham will have a reputation for delivering measurable and inclusive economic growth.

Strategic Aims

1. Build a profile and reputation for County Durham as the best place to invest, start or grow a business
 2. Improve our financial resilience and surplus
 3. Deliver measurable economic growth and account for our performance to our stakeholders
 4. Transform our internal systems and processes to become a robust and agile organisation with a reputation for quality
 5. Be an employer of choice attracting and retaining the very best people
- 6 Business Durham operates the Council's industrial and 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.
- 7 Business Durham continues to focus 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.
- 8 To advise, inform and support its work, Business Durham benefits from an Advisory Board, supported by Members and private sector board members representing a range of business sectors in the County.
- 9 In order to deliver its updated mission, vision and strategic aims, Business Durham has recently completed a restructure of the service, to achieve the following operational objectives::
- improve customer focus and clarity of the offer to businesses by combining business engagement staff and operations;
 - increase the profile of Business Durham by providing additional marketing capacity;
 - improve operational efficiency by simplifying business processes and systems; and
 - help businesses innovate and deliver measurable and inclusive economic growth.
- 10 Operationally, Business Durham's three new teams are:
- a) **Property and Business Services:** has responsibility for coordination of internal business systems, processes and administration, as well 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 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) **Operations:** has responsibility for inward investment and aftercare services, business engagement and account management, as well as enterprise promotion and business start-up support. 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, the flagship Future Business Magnates (FBM) schools competition, and Durham City Incubator

- c) **Innovation and Marketing:** has responsibility for horizon scanning for threats and opportunities to business from global trends, emerging technologies, societal challenges, local market intelligence, and local, national and international policy; creating sector development strategies; building high profile strong partnerships, locally, nationally and internationally, including innovative companies, government, universities, funding bodies, research institutes and centres of excellence, and industry associations; and marketing and communications activities to develop County Durham's national reputation for excellence in supporting business growth.

Performance Summary and Highlights

- 11 2017/18 was another successful year for Business Durham, with the majority of targets being met or exceeded. Business Durham produced a short Annual Review document summarising the highlights of the year, which is attached as Appendix 2.

- 12 There were a number of significant developments at NETPark during the year, with the completion and official opening of the £7.5M Explorer buildings, providing grow on space for businesses, as well as completion of the road infrastructure to open up the 26 acre development plot for NETPark Phase 3. In addition, £3.5M was invested into Salvus House to create co-working space, and the Durham City Incubator.

- 13 To continue Business Durham's work on innovation, three years' further funding was secured for the North East Centre of Excellence for Satellite Applications. Business Durham was also instrumental in the County Council preparing a successful bid to the Government's GovTech Fund, which encourages small, emerging technology businesses, partnering with the public sector, to create and develop innovative solutions to public services, that once proven can scale both to the advantage of markets and society. Durham County Council working with Blaenau Gwent Borough Council, have secured £1.25M to support firms to develop solutions which focus on how real-time data routinely captured by residents and vehicles can be used to improve public service delivery – such as recycling, litter collection and street repair – while reducing costs.

- 14 The Finance Durham Fund has invested £2.19M into 7 businesses since its launch in May 2017, generating £3.24M private sector leverage and supporting the creation of a predicted 193 jobs. In addition, over 100 companies have benefitted from attending Venture Investment Clinics as part of the access to finance programme to help businesses become 'investor ready'. Regrettably one of the companies that received investment from the Fund has gone into involuntary liquidation, and a litigation process is underway to secure maximum recovery for the Fund.
- 15 The Digital Drive Durham ERDF programme was launched in January 2018, and more than 200 companies have received 12 hours of fully funded support through the programme so far, to help them become more resilient, efficient and profitable by using digital technology to gain a competitive edge and maximise growth. The programme also offers a grant towards the cost of businesses implementing new digital technology and equipment within their business, and over 35 businesses have had grant offers approved to date.
- 16 The ERDF-funded Durham Business Opportunities Programme (DBOP) provided intensive assistance to 51 businesses during its first year, in order to help them take advantage of market opportunities. This included businesses in the childcare sector, and small engineering/manufacturing firms that exhibited in the first incubator zone at Durham Oktoberfest, a number of which went on to receive work from contacts made at the event. Two further strands of support are now underway for businesses in the creative sector, and food and drink sector businesses.

Looking forward

- 17 Commercial challenges facing Business Durham include to profitably grow the property portfolio and maximise occupancy levels, to simplify access for businesses and continue to change private sector perceptions of the Public Sector, to continue to build the Business Durham brand, to develop a commercial culture for reinvestment in economic and social good, and to respond to Brexit and EU bidding opportunities before they diminish.
- 18 The impact of Brexit on the County's economy remains uncertain, until the nature of any future arrangements becomes clearer. Through its day to day business engagement work, Business Durham is keeping in touch with companies to understand their concerns, potential implications for their business or sector, and connecting them to sources of information or assistance on specific issues through our contacts in the Department for Business, Energy and Industrial Strategy. Business Durham is working with Europe Direct to put on a seminar for businesses on 30th October 2018 on implications of Brexit, and also has a dedicated 'Brexit' slot in its monthly business newsletter.

- 19 Following the publication of the Government's Industrial Strategy White Paper in November 2017, it was announced in early summer that the North East would be one of the first areas of the country to develop a Local Industrial Strategy (LIS). This work is being led by the North East LEP, which is currently refreshing the region's Strategic Economic Plan in order to prepare the ground for the Local Industrial Strategy. It is likely that future Government funding for economic growth, in particular the Shared Prosperity Fund, will be aligned to the LIS, so it is important that County Durham partners help to shape and influence the LIS. Business Durham is leading the development of an Industrial Strategy for County Durham, working closely with Durham University to gather a robust and up to date evidence base which will underpin this work.

Recommendations

- 20 That the Economy and Enterprise Overview and Scrutiny Committee note and comment on the contents of the above report and presentation.
- 21 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 2019/20 work programme.

Appendix 2

Business Durham Review 2017/18

Background papers:

Economy and Enterprise OSC report - Business Durham – progress report – 26 June, 2017.

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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