

**At a meeting of the PROSPERITY AND ECONOMIC DEVELOPMENT SCRUTINY COMMITTEE held in the CIVIC CENTRE on WEDNESDAY 17<sup>TH</sup> NOVEMBER, 2010 at 5.30 p.m.**

**Present:-**

Councillor Mordey in the Chair

Councillors Bell, Cuthbert, D. Forbes, P. Gibson, Howe, J.B. Scott, Snowdon and T. Wright.

**Also Present:-**

Councillor D. Tate – Chairman of the Management Scrutiny Committee.

**Apologies for Absence**

Apologies for absence were submitted to the meeting on behalf of Councillors Old and A. Wright.

**Declarations of Interest**

There were no declarations of interest made.

**Minutes of the Last Meeting of the Committee held on 20<sup>th</sup> October, 2010**

1. RESOLVED that the minutes of the last meeting of the Committee held on 20<sup>th</sup> October, 2010 be confirmed and signed as a correct record, subject to the reference to Councillor A. Wright in paragraph 5, page 2 with regard to Herrington Country Park be amended to read Councillor T. Wright.

**Low Carbon Industry (Software) – Policy Review**

The Chairman welcomed and introduced Tom Hurst, Chief Investment Officer, who was present to provide Members with a presentation as evidence for their Policy Review of the Low Carbon Economy.

(For copy presentation – see original minutes).

Mr. Hurst provided Members with a presentation on the development of Sunderland as a Software City. The aim of the initiative was to establish Sunderland as the hub of a regional centre for software excellence.

There would be four delivery streams (Enterprise, Innovation, Education and Infrastructure) provided via four delivery partners (Sunderland City Council, University of Sunderland, the Business and Innovation Centre and Codeworks Connect).

The initiative would provide assistance to start-up businesses, existing indigenous businesses in the City and large businesses looking to invest in Sunderland by providing:-

- guidance and access to finance;
- technical skills and support;
- business skills and support;
- assistance in accessing markets; and
- the appropriate infrastructure.

The initiative would look to assist the City in providing a home grown software workforce. Learners would be targeted, both pre 14s within primary and secondary schools together with further education and higher education students and graduates.

In addition, learners accessing continuous professional development opportunities would be targeted, including individuals working in both technical and non-technical roles in the software industry. The influencers of learners such as teachers and lecturers would also be targeted.

As well as education and training the offer to learners would include knowledge of the software sector, opportunities for career development and access to facilities.

The physical locations of the Software City would include:-

- the e-volve Business Centre;
- the Software Hatchery at the University of Sunderland;
- the Jupiter Centre at the North East Business and Innovation Centre;
- St. Peter's Gate at the University of Sunderland;
- the Sunderland Software Centre to be constructed at Tavistock Place.

With regard to progress made, Mr. Hurst provided Members with the following statistics:-

New Software Businesses Created	:	35
Software Professional Jobs Created	:	100
Software Business Assisted	:	117
New Business Collaborations	:	135
Individuals Assisted with Skills	:	1,336
Research and Innovation Funding Secured	:	£794,000

Companies taking part in the Software City initiative included Leighton, Artingence, Guroo, On:trac and One point.

In conclusion, Mr. Hurst advised that software was a targeted sector in Sunderland's Economic Masterplan as a key component of Aim 2: 'A National Hub of the Low Carbon Economy'.

In response to an enquiry from Councillor T. Wright, Mr. Hurst advised that you couldn't attract the type of businesses noted above without the type of connectivity and infrastructure established at places like e-volve. The Contractor had been Telstra as British Telecom had declined to tender. BT were currently rolling out superfast broadband into the Coalfield area.

Councillor Howe referred to an article in the Daily Telegraph about 50,000 trained software operatives from India and cautioned that jobs created through the Software City initiative could be taken by these highly trained migrants rather than home grown people. Mr. Hurst replied that he believed the bigger threat would be jobs being lost to the Indian sub continent.

Councillor Cuthbert contended that given his first hand experience gained working in the sector, the scenario painted by Councillor Howe was not unrealistic. He had seen examples whereby companies had 'offshored' the majority of their IT jobs while maintaining only a minimal 'onshore' presence. Mr. Hurst replied that the Leighton Group and the Sage Group had not outsourced its jobs. It had created skilled development opportunities and it was these kinds of jobs that the Software City initiative was trying to create.

In response to a further enquiry from Councillor Cuthbert, Mr. Hurst stated that the cost to the City of creating the 150 jobs to date via Software City had been nil. The funding had been sourced from Central Government and One North East. He reminded Members that in the early stages of the Nissan development the majority of component businesses had been based outside of Sunderland, however, as training and skills development had grown so had the opportunities for locally based firms. Now the majority of component companies supporting Nissan were locally based.

Councillor Cuthbert asked what guarantees could be given to maintain funding streams once One North East ceased to be or if the Government withdrew its funding. Mr. Hurst advised that no guarantees could be given in this regard. Should external funding be severed the decision would be left with Members as to of where their spending priorities lay for the Council as a whole.

Councillor Cuthbert stated that he did not wish his comments to be taken negatively, he had just been trying to offer a note of caution.

Councillor T. Wright stated that the way to ensure jobs were retained in the City was to provide people with the appropriate skills and knowledge through education and training.

In response to a question from the Chair as to possible next steps for the policy review, Mr. Hurst suggested that the Committee may wish to hold one of its future meetings at the e-volve Business Centre which would allow Members to talk directly to some of the Software City businesses located there.

The Chairman having thanked Mr. Hurst for his presentation it was:-

2. RESOLVED that:-
  - i) the presentation be received and noted; and
  - ii) investigations be made into the possibility of holding one of the Committee's future meetings at the e-volve Business Centre.

### **Low Carbon Place Task and Finish Group Work Programme 2010-11**

Jim Diamond, Scrutiny Officer, presented a report of the Chief Executive (copy circulated) which provided Members with the current Work Programme for the Committee's Low Carbon Place Task and Finish Group for the 2010-11 Council Year.

(For copy report – see original minutes).

The Chairman referred to the visits to Portland School, Washington School, Eppleton Wind Farm and Richard Avenue School and advised that these had been arranged for Wednesday, 24<sup>th</sup> November, 2010. Any members wishing to take part in the visit should contact Mr. Diamond directly.

3. RESOLVED that the Low Carbon Place Task and Finish Group Work Programme for 2010-2011 be received and noted.

### **Regional Update**

Vince Taylor, Head of Strategic Economic Development, presented a report (copy circulated) to update Members on significant national and regional developments impacting upon the economic prosperity of the City.

(For copy report – see original minutes).

The Chairman referred to proposals from the 7 regional local authorities (the 5 Tyne and Wear authorities together with Durham and Northumberland) to form a Local Enterprise Partnership (LEP). He asked who would lead on the submission to Central Government. Mr. Taylor advised that the current Chairman of the Chief Executives Group was Dave Smith, Sunderland's Chief Executive and that the Tyne and Wear City Region Team was also based in Sunderland.

In response to a further enquiry from Councillor Mordey regarding governance arrangements for the LEP, Mr. Taylor advised that it was possible for different

models to be applied in different areas. He believed that it had to be a single Board comprising the 7 leaders from the 7 local authorities, 7 business partners together with a Chairman from the business sector.

Councillor P. Gibson expressed his astonishment that the LEPs would effectively be run by the private sector, controlling huge financial schemes without having to contribute any funding itself.

Councillor Cuthbert stated that he hoped the cost of the LEP would be significantly less than the cost of quangos generally. He was disappointed that the previous LEP proposals had been turned down and feared that the single LEP of the 7 local authorities would lead to internal competition with Newcastle reaping the majority of any benefits.

Councillor Cuthbert suggested that as the Vaux site was currently in Tesco's ownership, the company should be encouraged to develop the site for business rather than retail. Mr. Taylor advised that the purchase by One North East of the Vaux site was still going ahead and that he understood that Tesco were not interested in pursuing non retail business.

In response to an enquiry from Councillor T. Wright, Mr. Taylor advised that the Regional Growth Fund could be subject to bids from any local authority. It was an open process and there would be no bar on the more prosperous authorities in the South East from applying. The Government had indicated, however, that the focus of the Regional Growth Fund would be on transitional areas.

With regard to funding of the LEP, the Chairman asked that once the picture was clarified Mr. Taylor submit an updated report on the matter. Councillor Cuthbert also requested that once the proposals for the LEP had been submitted to the Government that a copy was circulated to each Member of the Committee.

The Chairman having thanked Mr. Taylor for his attendance, it was:-

4. RESOLVED that:-
  - i) the report be received and noted;
  - ii) a further update report be submitted once the funding position in respect of the LEP had been clarified; and
  - iii) a copy of the proposals to establish the LEP be circulated to each Member of the Committee once it had been submitted to the Government for consideration.

### **Forward Plan – Key Decisions for the Period 1<sup>st</sup> November, 2010 – 28<sup>th</sup> February, 2011**

The Chief Executive submitted a report (copy circulated) to provide Members with an opportunity to consider those items on the Executive's Forward Plan for the period

1<sup>st</sup> November, 2010 – 28<sup>th</sup> February, 2011 relating to the Prosperity and Economic Development Scrutiny Committee.

(For copy report – see original minutes).

5. RESOLVED that the report be received and noted.

### **Work Programme 2010-11**

The Chief Executive submitted a report (copy circulated) which attached for Members' information the Committee's current programme of work for the 2010-11 Council year.

(For copy report – see original minutes).

6. RESOLVED that the Committee's Work Programme for 2010-11 be received and noted.

The Chairman then closed the meeting having thanked everyone for their attendance.

(Signed) M. MORDEY,  
Chairman.