

Item 3 – Minutes of the North East Local Enterprise Partnership Board held on 25 May 2023

Meeting was held in-person Quadrus Centre, 1 Woodstock Way, Boldon Colliery, NE35 9PF

In attendance:

Lucy Winskell	Chair, North East LEP
Heidi Mottram	Northumbrian Water Group
Cllr Amanda Hopgood	Durham County Council
Cllr Nick Kemp	Newcastle City Council
Dame Norma Redfearn	North Tyneside Council
Cllr Richard Wearmouth	Northumberland County Council
Cllr Graeme Miller	Sunderland City Council
Mark Thompson	Ryder Architecture
Phil Redman	Mott MacDonald
Alan Johnson	Nissan Motor Manufacturing UK (NMUK)
Sam Whitehouse	High Force Research & LightOx Ltd

Apologies

Cllr Martin Gannon	Gateshead Council
Cllr Tracey Dixon	SouthTyneside Council
Mayor Driscoll	North of Tyne Combined Authority
Carol Botten	VONNE
Ellen Thinnesen	Education Partnership North East
Chris Day	Newcastle University
Colin Hewitt	Ward Hadaway
Emily Cox	Lloyds Banking Group
Ammar Mirza	AmmarM (UK) Limited
Helen Golightly	Chief Executive, North East LEP

Officers present

Colin Bell	Business Growth Director, LEP
Thomas Athey	Economic Analyst, LEP
Henry Kippin	Chief Executive, NTCA and Interim Chief Executive of NEMCA
Janice Gillespie	NTCA - Finance
Katy Laing	Strategic Finance Manager, NTCA
Brenda Joyce	Democratic Services, Newcastle City Council

1 WELCOME FROM THE CHAIR AND APOLOGIES

The Chair welcomed everyone to the Quadrus Centre for the AGM, the first meeting held in person in three years.

Apologies were received from Cllr Martin Gannon, Cllr Tracey Dixon, Mayor Driscoll, Carol Botten, Ellen Thinnesen, Chris Day, Colin Hewitt, Emily Cox, Ammar Mirza and Helen Golightly.

2 **DECLARATIONS OF INTEREST**

The Chair declared an interest as a commissioner of the Port of Tyne.

Alan Johnson declared an interest as part of the Department of Education's Business Engagement Forum.

No other additional or new declarations of interest were declared.

Part One - Annual General Meeting

3 **LOOKING FORWARD 2023/24 - ANNUAL DELIVERY PLAN**

Colin Bell introduced the report which looked forward setting out the North East LEP's proposed activities in the 2023/24 Annual Delivery Plan (appended).

The 2023/24 Annual Delivery Plan had been developed to reflect on:

- The revised role of Local Enterprise Partnerships as defined by government, which was to:
 - Embed a strong, independent and diverse local business voice into the North East' local and combined authorities
 - Carry out strategic economic planning in partnership with local leaders that clearly articulated the North East's economic priorities and sectoral strengths
 - Continue to deliver a number of functions on behalf of government departments, shaped by the local business voice
 - Monitor and assure existing local growth programmes and funds for which the LEP had responsible for.
- The continued delivery of contractual commitments, and operational activities and projects required to create the new North East Mayoral Combined Authority (NEMCA) and the transition of the LEP into it.

During the ensuing discussion and in response to questions, it was noted that:

- Feedback from a meeting of business membership organisations was that it was a very good plan and a sensible way forward.
- Board members had always been really proud of the Strategic Economic Plan (SEP) which raised the issue of how the same strength of unity could be created and consensus between key partners going forward.
- There is a risk of hiatus during this transition year prior to the formation of NEMCA and portfolio development, where all Board members need to be aware of.
- It would be useful to hold an event, after the summer, to build on the strengths of work done to date and the strength of unity in the region.
- Further and wider communications were needed to highlight that it was business as usual to deliver the annual delivery plan up to the election in May 2024.
- There was not a wide understanding that the combined authorities, the leaders and others were working up strategies for going forward and felt that

the work that was underway was not being communicated or enabling key partners to co-developer comment.

- The leaders and chief executives of the LA7 with the NTCA Chief Executive/Interim Chief Executive of NEMCA were working up a programme for after May 2024; clear communications were needed to demonstrate it was business as usual currently until the 2024 election.
- The business sector needed to understand that the LA7, the LEP and the combined authorities were trying to give as much certainty as they could, but the new mayor would not be one of the current leaders and will have their own ideas and manifesto.
- The LEP still had to deliver against the annual delivery plan – it was business as usual. A statement from the LEP Board to clarify it was “business as normal” would be helpful.
- The future strategic economic plan would build on the work of the SEP work over the last ten years and the Covid recovery work in the region.
- There was discussion that an event in the autumn would help with the wider business communities’ understanding and engagement.

RESOLVED – That the Board:

- (i) **Agreed the proposed Annual Delivery Plan for 2023-24, and delegated authority to the Chief Executive to sign off minor amendments if required;**
- (ii) **Noted that updates on progress would be presented to future meetings.**

4 LEP BUDGET - FINANCIAL OUTTURN 2022/23 AND UPDATE ON 2023/24 BUDGET ESTIMATES

Katy Laing introduced the report which provided an update to the Board on the final outturn revenue budget position for 2022/23, including the performance on the Enterprise Zone account, Local Growth Fund (LGF), Getting Building Fund (GBF) and the North-East Investment Fund (NEIF).

The report also provided an update on the current budget position for financial year 2023/24.

It was confirmed that the activities of the LEP did not normally generate a surplus. The biggest impact was the draw down of the EZ contribution into the LEP. This had been included in the outturn position as previously agreed by the Board in preparation for the transition year and potential costs associated with the transition; there would also be some legacy costs as some programmes continued to deliver beyond this financial year into 2024/25. This was more a transfer of reserves than an operational surplus – it was prudent planning.

RESOLVED – That the Board:

- i. **Noted the positive budget outturn position for 2022/23.**
- ii. **Approved the 2023/24 budget.**

5 ANNUAL GENERAL MEETING UPDATE

Colin Bell introduced the annual update which set out whether there were any proposed changes to governance matters. The paper covered:

- The North East LEP Constitution
- The Scheme of Delegation
- LEP Board and sub-board membership
- Dates for Board meetings to March 2024

The Chair confirmed the dates for 2023/24 and advised that members would be advised well in advance if the Board meetings were going to take place in person or via Microsoft Teams.

RESOLVED – That the Board:

- (i) **Noted that there were no substantive proposed changes to the Constitution, and agreed the merger of the Business Growth and Innovation Delivery Boards;**
- (ii) **Noted there were no proposed changes to the Scheme of Delegation;**
- (iii) **Noted that the public sector nominations for the LEP Board and sub-boards would be confirmed by each Combined Authority ahead of the next LEP Board in July.**

Part Two - LEP Business

6 MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 17 MARCH 2022

The minutes of the meeting held on 17 March 2023 were agreed as a correct record.

7 ECONOMIC UPDATE AND EVIDENCE HUB DEMO

Thomas Athey gave an economic update presentation and an Evidence Hub demonstration to the Board.

The economic update presentation included trend information on the following:

- Inflation was starting to fall with larger decreases predicted in the near future, the focus was moving from energy to food prices
- Residents reported that they were reducing spending due to higher prices, business were reporting that they were absorbing costs
- Employment and vacancies data suggested that there was still strong demand for labour in the North East
- GDP did not immediately recover to pre Covid levels in the North East, in part because of disruption to automotive exports
- The spring budget included measures to improve labour supply and encourage investment

- Most employment demand to 2035 was predicted to be replacement demand, with greater demand predicted for degree level jobs

During the ensuing discussion and in response to questions, it was noted that:

- Spending less on food did not align with what people were saying which was that they were spending more but getting less.
- The data that only 35% of businesses were passing on price increases to customers was also not a reflection in the North East.
- It was confirmed that these were rapid fire surveys from the ONS and the phrasing could perhaps more clear. It was also noted that the 'individuals' survey was quite out of date.
- Nissan was not a Sunderland employer but a regional, if not a nationally, important employer.
- Concern was expressed around the spring budget proposals to deliver childcare support reforms to be introduced from April 2024.
- The North East did not get the same level of investment in R&D.
- Nissan projected manufacturing 350,000 cars compared to 260,000 last year so the company was returning to pre-Covid levels. There was reasonable optimism although there was some uncertainty in the market.
- China was a big threat to the automotive industry in Europe.
- A lot of investment was being held back; the government needed to lead by example.
- There was a need to move away from the mindset that everyone needed a degree. Skills training needed to be put in place to retrain people for the future.
- The North East lost a lot of talent due to the lack of R&D investment in the region and this had to be addressed.
- Regarding the economically inactive position, one of the big reasons why there were shortages was there are 2 million on NHS waiting lists and long-term sick, and this needed to be addressed as it effected every region in the UK. Covid had also demonstrated to people that they were worth more and some had left the labour market completely. There was a need to look at future jobs and what would be a good package for people going forward.
- Farmers could not pay pickers enough as the margins on produce were so low and the government needed to look at the whole sector.

Thomas Athey went on to give a demonstration to the Board on the North East Evidence Hub (<https://evidencehub.northeastlep.co.uk>)

This brought together a range of data sets, a range of reports and research on the North east economy.

The North East LEP had developed the evidence hub in partnership with Transport North East and it had been re-platformed during the last year. The aim of the hub was to make data and evidence as accessible as possible.

From Sep – March, the site saw 40,601 pageviews from 6,281 users
 Pageviews were up 97% year on year (YOY) and users were up 28%
 The average time on a page was 04:32. This was up 55% YOY
 Downloads had decreased 60% YOY – this highlighted the success re digital translation of content

During the ensuing discussion and in response to questions, it was noted that:

- The ambition for the hub was that it would become a regional resource although conversations were needed about governance.
- The evidence-based data could be used rather than anecdotal evidence.
- Members agreed the hub was a fantastic resource and that a launch event should be held to get it out into the market.
- The hub could be used as a hook to attract the right people.

On behalf of the Board, the Chair congratulated Thomas and his team for the excellent work.

8 **DEVOLUTION UPDATE**

Henry Kippin (Chief Executive, NTCA and Interim Chief Executive of NEMCA) gave a verbal update to the Board on the devolution transition, early policy priorities and the LEP integration and business board.

There were three ‘buckets’ of work – each of which had a number of interrelated workstreams - Operational Transition, Portfolio Development and Early Priorities.

Each of the leaders were overseeing an interim portfolio - Transport, Finance & investment, Rural & Environment, Culture, Creative, Tourism & Sport, Economy, Housing & Land, Education and Skills & Inclusion over the next year. Each of the portfolios now had a plan, workstream and lead officer support in place.

Progress with early priorities was being made and some parts of the deal needed to be delivered quickly such as adult education; there was a readiness journey to go through in order to deliver that next year. On areas like brownfield land there were some capital allocations within the deal to support regeneration and some elements of transport so the business cases all needed to be started early and there was quite a lot of work going on to make sure they were appropriately governed.

The three pillars were underpinned by a good foundation of the established and ongoing collaboration across the region.

There was a lot of time and effort being put into the transition work which reflected the discussion the LEP Board had been having.

In terms of LEP transition the North East Devo Deal and the LEP Review committed to the integration of the role and functions in May 2024. Ministerial correspondence on funding had subsequently been received. It was also government policy that the LEP Board would transition to the NEMCA Business Board. The NTCA was already the accountable body for the LEP and the Devolution Deal committed to producing a transition plan for the political team and the LEP Board; this would be a stepped process over the next few months and build on what already existed.

In terms of the working principals around this, the proposition being worked on was that there would be a two phased transition for the LEP Board; the current LEP Board would transition to become the Interim Business Board ready for May 2024

and then, within term one, the mayor and cabinet would consider board membership through fair and transparent processes in due course.

There was a commitment to bring the Draft Transition Plan back to the Board. The Transition Plan would show how the team, assets, liabilities and commitments would be integrated into NEMCA.

Henry Kippin said that he had every confidence in that the transition process could be managed really well and emphasise the continuity and ambition of the political team. A question for the LEP Board was what would a productive relationship look like. Henry said he was happy to keep coming back to update the Board.

The Chair thanked Henry for the very helpful update which had demonstrated a clear direction of travel.

During the ensuing discussion and in response to questions, it was noted that:

- The political leaders were absolutely committed to getting this done and working in the evenings with the chief executives to take this forward.
- At previous meetings concerns about staff retention and wellbeing had been raised; it was a testament to the leadership that there now seemed to be a sense of excitement.
- The Chair commented that although the LEP had lost some good colleagues, Helen and Henry had worked together to fill gaps; this was an early indication of how well the teams would bed in together.
- Councillor Kemp said it was worth paying an enormous amount of credit to Henry – his skill set was extraordinary – and it was very much about taking people with us on the journey.
- The region had a very successful LEP Board and would go on to have a very strong NEMCA Business Board.
- The presentation had been very reassuring about the opportunities for the business members of the LEP Board to feed into the development of the portfolios. It was suggested that a couple of portfolios could be considered at a future Board meeting; the Chair, Henry Kippin and Helen Golightly would discuss this.

9 **CHAIR AND CHIEF EXECUTIVE UPDATE**

Noted.

10 **ANY OTHER BUSINESS**

Sam Whitehouse commented that the Annual Review included information on two of his apprentices who were about to graduate. This highlighted the success of the LEP's work on 'future proofing workforces' and that small businesses, as well as larger corporations could benefit and help deal with the left hand side of the graph in the earlier presentation.

Mark Thompson commented that the region was very strong on apprenticeships and adoption of them and this was something that we should shout a lot louder about.

11 **DATE AND TIME OF NEXT MEETING**

Thursday 20 July 2023 from 5:00 – 7:00pm via Teams