

**Item No. 2 – North East LEP Board 23 July 2020
Minutes of the meeting held on 28 May 2020**

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

**Thursday 28 May 2020 at 5.00pm
Meeting held via Conference Call**

DRAFT MINUTES to be ratified at the LEP Board on 23 July 2020

Present:

| | |
|-------------------------|----------------------------------|
| Andrew Hodgson | Chair, North East LEP |
| Gillian Hall | Gillian Hall Consulting Limited |
| Erika Leadbeater | TSG Marine |
| John McCabe | Fusion PR Creative |
| Ammar Mirza | AmmarM (UK) Limited |
| Andrew Moffat | |
| Heidi Mottram | Northumbrian Water Group |
| Mark Thompson | Ryder Architecture |
| Kate Wickham | Gate7 Group |
| Mayor Jamie Driscoll | North of Tyne Combined Authority |
| Councillor Iain Malcolm | Leader, South Tyneside Council |
| Mayor Norma Redfearn | North Tyneside Council |
| Stuart Corbridge | Durham University |
| Ellen Thinnesen | Sunderland College |
| Carol Botten | VONNE |

Observer:

| | |
|--------------------------|---------------------------------------|
| Councillor Peter Jackson | Leader, Northumberland County Council |
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In Attendance:

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| Helen Golightly | Chief Executive, North East LEP |
| Richard Baker | Strategy and Policy Director, North East LEP |
| Colin Bell | Business Growth Director, North East LEP |
| Andrew Clark | Energy Programme Lead, North East LEP |
| Paul Woods | Chief Finance Officer, NECA |
| Janice Gillespie | Section 73 Officer, NTCA |
| Katy Laing | Deputy Section 73 Officer, NTCA |
| Henry Kippen | NTCA |
| Vince Taylor | Sunderland City Council on behalf of NECA |
| Tom Frater | BEIS |
| Gillian Kelly | Sunderland City Council (Minutes) |

Apologies

Councillor Nick Forbes
Councillor Martin Gannon
Councillor Simon Henig
Councillor Graeme Miller

Leader, Newcastle City Council
Leader, Gateshead Council
Leader, Durham County Council
Leader, Sunderland City Council

ACTION

1. WELCOME FROM THE CHAIR AND OPENING REMARKS

The Chair welcomed everyone to the meeting and thanked them for joining the conference call.

2. DECLARATIONS OF INTEREST

Gillian Hall declared an interest in Item 7 as she was a Blyth Harbour Commissioner.

3. MINUTES AND MATTERS ARISING

The minutes of the Board meeting held on 19 March 2020 were agreed as a correct record.

Free Trade Zone

Richard Baker informed the Board that the Government had delayed the timeline and the deadline for Free Trade Zones from 11 April to July 2020. The work programme had been revised in line with the new timeframe and the Shadow Board was progressing.

Recruitment for new Board Chair

The LEP Chief Executive advised that all Board Members would have received email correspondence regarding the appointment of a new Board Chair and it was highlighted that the process would be live until 8 June with the full detail available on the LEP website.

The Nominations Committee comprising Heidi Mottram, Mark Thompson, Mayor Redfearn and Councillor Malcolm had met a few weeks ago. Shortlisting would take place towards the end of June with interviews in early July and recommendations brought back to the next Board meeting.

ANNUAL GENERAL MEETING

4. ANNUAL REVIEW 2019/2020

The Board received a copy of the Annual Review and the End of Year Report for the North East LEP.

The Annual Review was published in May each year and looked back over the previous financial year to share progress and performance with partners. The End of Year Report provided an update on the activities which the North East LEP had set out to achieve during the year and was set out in a format prescribed by the Government.

Andrew Moffat stated that he had raised the matter of the indicators in the Annual Review as there had been a successful outcome in relation to the number of quality jobs created but the other metrics were not so positive and he had felt that there was no explanation of this. The LEP Chief Executive advised that she had provided a note on this topic for Andrew and she would circulate this to other Board Members.

The Board RESOLVED that the progress and achievements made during the period April 2019 to March 2020 be reviewed and noted.

HG

5. BUDGET 2019/2020 OUTTURN AND 2020/2021 BUDGET

The Board received a report providing an update on the final outturn revenue budget position for 2019/2020, including the performance of the Enterprise Zone account, the Local Growth Fund and the North East Investment Fund.

The Deputy Section 73 Officer introduced the report and in doing so drew Board Members' attention to Table 1 showing the full 2019/2020 outturn; income amounted to £4.597m and expenditure was £4.579m so a surplus of £0.018m was recorded for the financial year. This had led to an increase in Revenue Balances which now stood at £0.603m from an opening balance of £0.585m.

Table 3a showed the Enterprise Zone Account with a cumulative surplus position of £3.020m at the end of 2019/2020. This was higher than anticipated when the budget was set but was lower than revised Enterprise Zone projections. Table 3b provided a forward look to 2022/2023 and projected a £0.300m surplus in the next financial year. A full report on the Enterprise Zones would be presented to the LEP Board in July.

The Revenue Budget 2020/2021 to 2022/2023 was set out at Table 4. Expenditure was projected to increase by £450,000 in 2020/2021 due to increased employee costs resulting from work on the Growth Hub and the Covid19 response. The budget included use of £0.103m from the LEP reserve and potentially £0.055m from the Enterprise Zone surplus. The LEP Board had previously approved the use of up to £0.500m of the Enterprise

Zone surplus annually in principle to support the Revenue Budget and the maximum contribution was factored into the indicative base budget for 2021/2022 and 2022/2023. This contribution allowed for a balanced budget but it was expected that it would not need to be called upon.

It was queried when it would be known if the planned income for future years would be realised and if there would be a need to scale back activity. The Section 73 Officer advised that a report would be brought to the Board in January 2021 with a lot more detail and the LEP Chief Executive said that the position would be reviewed throughout the year.

The Board RESOLVED that: -

- (i) the positive budget outturn position for 2019/2020 be noted;**
- (ii) the 2020/2021 budget and the 2021/2022 and 2022/2023 medium term budget illustrations for the North East LEP be noted; and**
- (iii) the potential requirement to drawdown up to £0.5m from the Enterprise Zone account in financial years 2021/2022 and 2022/2023 in line with a previous LEP Board approval be noted.**

6. UPDATED CONSTITUTION TO REFLECT PREVIOUS BOARD DECISIONS

The North East LEP Constitution was agreed in 2011 and to comply with the Government's Strengthening LEP's Review and other good governance matters, the Board had agreed a number of amendments to the 2011 Constitution at various meetings.

The agreed changes had been amalgamated into an updated version of the Constitution which was attached at Appendix 1 of the report. The report also set out a table of the amendments which had been made and the Board decision which had given rise to the changes.

The Board RESOLVED that: -

- (i) the changes agreed by the Board at previous meetings set out in section 2 be noted; and**
- (ii) the updated Constitution in appendix one which incorporates the previous Board decisions be agreed.**

7. SCHEME OF DELEGATION

The North East LEP Accountable Body had transferred from the North East Combined Authority (NECA) to the North of Tyne Combined Authority (NTCA) on 1 April 2020. As part of the transfer, the LEP's scheme of

delegation had been reviewed so that it was in line with the new Accountable Body Agreement.

The proposed draft scheme of delegation sets out an officer's authority to act and make decisions on behalf of the North East LEP and its Accountable Body.

Councillor Malcolm asked if there had been any specific changes or additions to the scheme of delegation and the LEP Chief Executive confirmed that there were no material change, however some levels for payments had been adjusted to bring them in line with the policies of NTCA.

The Board RESOLVED that the Scheme of Delegation be approved, as set out in Appendix 1, subject to any modifications required as part of the ongoing consultation with Accountable Body requirements. Any modifications would be agreed by the LEP Chief Executive in consultation with the LEP Chair.

BUSINESS ITEMS

8. SEP DELIVERY PLAN

The Board received an update on the delivery plan setting out the progress against Strategic Economic Plan (SEP) actions and the performance against plan targets since 2014.

The report highlighted matters in relation to: Business Growth; Innovation; Skills, Employment, Inclusion and Progression; Transport; Investment and Infrastructure; Strategy and Policy; and Communications. The full programme delivery update was attached to the report as Appendix 1.

The Board NOTED the Programme Delivery Update.

9. FUNDING UPDATE AND DECISIONS

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

The Board received a report which: -

- summarised two existing programme projects which required further Board approval;
- provided a summary of decisions taken under delegation since the last Board meeting; and
- provided a funding programme round up, including the LGF 2019/2020 budget position and budget plans for 2020/2021, draft annual LGF programme performance outturn figures and an overview of how all three

of the funding programmes had been impacted on, and were responding to, the Coronavirus pandemic.

The Board RESOLVED that: -

- (i) the positive LGF 2019/20 budget outturn position set out in paragraph 4.3 and draft annual performance outcomes against forecasts in Appendix Two be noted;**
- (ii) the representations being made to MHCLG referred to in paragraph 4.8 to release the North East LEP full budget of £14.5m ahead of a mid-year review based on the strong delivery track record to date and the fact that the full LGF 2020/2021 budget was already contracted;**
- (iii) it be agreed to work with regional partners to prepare a short term capital pipeline of projects for further consideration that were in line with current MHCLG thinking in regard to the focus of the new LGF budget allocations as referred to in paragraph 4.8;**
- (iv) the additional allocation of LGF funding to support the Supply Chain North East Programme as detailed in Appendix One be agreed;**
- (v) it be agreed that a business case be brought forward for the Scale Up North East 2 programme with a request for LGF funds as part of the Covid-19 Recovery Plan as set out in Appendix One;**
- (vi) the circumstances which have arisen on the Northumberland Energy Park Enterprise Zone site, set out in paragraphs 2.8 to 2.13 be noted and the use of Enterprise Zone contingency budgets be agreed in principle with a decision on the final budget amount to release to be delegated to the Chief Executive, in consultation with the Chair of the North East Investment Board;**
- (vii) the recent actions taken across all three LEP investment programmes in the context of Covid-19 as set out in section 5 be noted;**
- (viii) the digital services framework contract outlined in paragraph 6.2 be approved and authority delegated to the Head of Communications to manage call off processes as required under this framework; and**
- (ix) the funding decisions taken under delegated procedures set out in Part B, Table 1 and Table 2 be noted.**

10. COVID-19 ECONOMIC UPDATE

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

The Board received a presentation summarising the work carried out by the North East Economic Covid-19 Response Group to date, in developing a framework for economic recovery for the North East LEP area.

The Board RESOLVED that: -

- (i) it be agreed that work presented represented an accurate statement of the impact of Covid-19 on the economy;**
- (ii) the LEP's involvement at all levels in the wider Covid Governance structure be noted;**
- (iii) the proposed recovery framework and plan be agreed;**
- (iv) the Covid-19 Economic Response Group be tasked to assemble capacity and resources behind the phase 1 actions; and**
- (v) the progression of a regional conversation, and with Government, about the tools and resources to support recovery based on this work to date be supported.**

11. ENERGY STRATEGY AND DELIVERY UPDATE

The Board received a report providing an update on the progress made in implementing the Energy for Growth Programme, following approval of the draft Energy for Growth Strategy and Implementation Framework on 31 January 2019.

Andrew Clark was in attendance to talk to the report and advised that the strategy had captured the capabilities and assets in the region and had made significant progress in delivery and the project pipeline. The BEIS Local Energy Programme had provided a point of coordination with wider stakeholders and had been highly collaborative, working with cross sector partners. Overall significant financial resources of £2.74m had been leveraged as part of the programme and enable the programme to provide a clear input to the Covid-19 response.

In relation to Offshore Energy and Subsea Technology, the North East LEP had worked with NOF Energy and the Tees Valley Combined Authority to create a new constitution for the Energi Coast cluster body. The LEP had also delivered a supply chain opportunity study and there was the potential for the region to have a national role in this area.

The North East Energy Catalyst had been launched and a dedicated manager appointed to lead the work and to raise the profile of the region. As part of this a forum had helped shape a £50m Strength in Places Fund bid for a 'Net Zero Heat' submission.

The Energy Programme Lead worked across local authorities to bring forward a scaled and accelerated project pipeline and had demonstrated the potential for capital projects regionally including the Heat Network pipeline and BEIS-sponsored High Potential Opportunity submission to DIT.

The LEP was also working to promote areas of regional opportunity and was the national lead on the Mine Energy taskforce. There was clear structure and strong organisation to the programme and it had demonstrated that the LEP could create capacity for the delivery and acceleration of projects.

The Chair noted that these were all fantastic activities and that the North East was well placed to take a lead on the clean energy agenda. Tom Frater commented that it was important to make the link between the work and the Covid-19 response and the Chair agreed that one outcome from the pandemic was that people were realising the benefits of clean energy.

The Board RESOLVED that: -

- (i) the significant progress across all workstreams of the Energy for Growth Programme, the wide ranging collaborative approach across the region and the effective point of co-ordination the programme is providing regionally, nationally and via the BEIS Energy Hubs be noted; and**
- (ii) continued development of the Energy for Growth programme be approved, in line with the progress and opportunities set out, continuing to seek synergy with the LEP programmes, wider structures and funding opportunities.**

12. ANY OTHER BUSINESS

Armed Forces Day

Ammar Mirza highlighted that it was Armed Forces Day in June and some virtual events had been planned and asked how the North East LEP might support the events and also how the armed forces might be featured in LEP activities.

The Chair suggested that the LEP Chief Executive link up with Ammar on the event after the meeting.

HG, AMi

13. DATE AND TIME OF NEXT MEETING

The next meeting of the LEP Board would take place on Thursday 23 July 2020 at 5.00pm.

ACTION LOG

| <u>Action</u> | <u>Lead</u> | <u>Update</u> |
|--|----------------|------------------------|
| Explanatory Note on the KPIs in the Annual Review to be circulated to Board Members | HG | Circulated 3 June 2020 |
| LEP Chief Executive to liaise with Ammar Mirza on the North East LEP involvement in Armed Forces Day | HG, AMi | |