

North East Local Enterprise Partnership Board

23 March 2023

Meeting held virtually via Microsoft Teams

In attendance:

Lucy Winskell	Chair, North East LEP
Ammar Mirza	AmmarM (UK) Limited
Heidi Mottram	CEO, Northumbrian Water Group
Ellen Thinnesen	CEO, Education Partnership North East
Mark Thompson	Ryder Architecture
Chris Day	Vice Chancellor, Newcastle University
Colin Hewitt	Ward Hadaway
Phil Redman	Mott MacDonald
Cllr Richard Wearmouth	Deputy Leader, Northumberland County Council
Emily Cox	Lloyds Banking Group
Alan Johnson	Nissan Motor Manufacturing UK (NMUK)
Sam Whitehouse	High Force Research & LightOx Ltd

Apologies

Cllr Amanda Hopgood	Leader, Durham County Council
Cllr Martin Gannon	Leader, Gateshead Council
Cllr Tracey Dixon	Leader, SouthTyneside Council
Cllr Graeme Miller	Leader, Sunderland City Council
Cllr Nick Kemp	Leader, Newcastle City Council
Dame Norma Redfearn	Elected Mayor, North Tyneside Council
Carol Botten	CEO, VONNE
Helen Golightly	Chief Executive, North East LEP

Officers present

Michell Rainbow	Skills Director
Colin Bell	Business and Sector Growth Director
Richard Baker	Strategy and Policy Director
Jen Robson	Communications Director
Nicola Laverick	Programme Manager
Paul Wood	Finance Officer
Henry Kippin	Chief Executive, NTCA and Interim Chief Executive of NEMCA (in part)
Katy Laing	Strategic Finance Manager Officer, NTCA
Brenda Joyce	Democratic Services, Newcastle City Council

1 WELCOME FROM THE CHAIR AND APOLOGIES

The Chair welcomed everyone to the meeting and, in particular, new members of the Board.

Apologies were received from Cllr Amanda Hopgood, Cllr Martin Gannon, Cllr Tracey Dixon, Cllr Graeme Miller, Cllr Nick Kemp, Dame Norma Redfearn, Carol Botten and Helen Golightly.

2 **DECLARATIONS OF INTEREST**

No additional or new declarations of interest were declared.

3 **MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 26 JANUARY**

The minutes of the meeting held on 26 January were agreed as an accurate record.

4 **END OF YEAR REVIEW – PROGRESS UPDATE**

This report set out the progress we have achieved to date against the Annual Delivery Plan for 2022/23.

The End of Year Review was produced annually in accordance with requirements that were set out in the Government's 2018 policy paper 'Strengthening Local Enterprise Partnerships' and had to be submitted to government to show progress. The deliverables were aligned with the programmes of delivery in the North East Strategic Economic Plan.

The End of Year Review 2022/23 would be subject to a few minor changes following quarter 4 information particularly from the funding streams. The Board was therefore asked to delegate approval to the Chief Executive to agree minor updates and amendments before the document was submitted to Government to ensure it was accurate at the year end.

The Annual Delivery Plan for 2023-2024 was currently being prepared by the executive team and would be presented at the May Board meeting.

Actions that were RAG rated red were primarily as a direct response to the change in role following government's publication of the LEP Review last year;. The North East LEP had paused the development of a number of strategies as detailed in the appendix.

The Board was asked to note that these points would be addressed in the Annual Delivery Plan for 2023/24 or in the wider devolution discussions with the LA7 and transition team.

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

- The Chair confirmed that the RAG rated reds were out of the control of the North East LEP. A lot were around funding decisions where projects had stalled due to external events. It was rare for the North East LEP to have a lot of RAG rated reds and this was not an ideal position to be in but the narrative regarding these were outlined however, the North East LEP was still considered to be a very highly performing LEP.
- It was noted that the skills side was strong but that business engagement appeared that it didn't have as much support although this was being addressed now.
- The new final column had been added to give context to the RAG rated reds and to be honest and transparent.

- Regarding the RAG rated red to “Develop an evidence base to inform the development of a regional and local enterprise strategy and interventions designed to level up the North East’s business birth rate”, it was good to see that this would be incorporated into forward plan and integrated with business voice activities.
 - There were great opportunities around carbon net zero given the regions location.
 - A query was noted on female scale which could be picked up offline.
 - It was confirmed that funding had not gone into Net Zero North East but into NEECCo (and this could be talked about offline).
- This region had the lowest business birth rate in the UK and this needed to be addressed to drive transformative change and to really understand the causes and deeper cultural issues. Unfortunately, funding cuts had halted a study carried out last year. Further discussions offline would be helpful.
- The longevity and the growth of businesses in the region needed to be considered, not just birth rates.
- Business survival rates in the region were quite high. However, this with low business birth rates would indicate that the North East did not have such a dynamic economy as other areas.
- It was a shame that the low business birth rate had more prominence than the high survival rate.
- One fast growing business could develop greater economic stimulus than lots of small ones that did not go anywhere. A small number of fast growing businesses could make a massive difference to the economy. The business environment needed to be looked at to help start-ups. If there was to be a focus on business support it needed to be on fast growing businesses.

RESOLVED – That the Board:

- 1) **Agreed to delegate authority to the Chief Executive to make minor updates and amendments to the End of Year Review 2022/23 document prior to it being submitted to government,**
- 2) **Noted the final End of Year Review 2022/23 document will be published on the North East LEP website.**

5 FUND MANAGEMENT UPDATE

This report sought Board approval to an increased funding contribution towards the project to deliver new accommodation at NETPark, Sedgefield, County Durham, previously approved by the Board in November 2022. The report also provided quarter 3 2022/23 funding programme performance updates on the LEP capital funding programmes. The report also detailed that LEP core government funding for 2023/24 had been confirmed.

The report was presented in three parts:

Part A - provided a summary of funding decisions taken under delegation since the last Board meeting.

Part B – A recommendation was made, supported by the Investment Board at its meeting on 2 March 2023 and approved by government, to make a late change in

the Getting Building Fund (GBF) programme to help deliver programme expenditure in line with government expectations. It was proposed to withdraw the GBF grant offer to the planned Panther Court industrial scheme in County Durham, that had changed in scope and required a new planning application, and to reallocate the released funds of £965,585 to support increased costs following a tendering process on the Durham County Council NETPark Phase 3 scheme that was awarded £2.965m from the North East Investment Fund (NEIF) programme in November 2022.

Part C - provided funding programme 2022/23 Qtr.3 performance updates and latest forecasts for the Local Growth Fund (LGF), Getting Building Fund (GBF), Project Development Accelerator Fund (PDAF), and Enterprise Zone (EZ) programmes. A brief update was provided in this section on core budget allocations from the Government for 2023/24 and on the status of a funding bid to Innovate UK.

RESOLVED – That the Board agreed to:

- i) **Note the funding decisions taken under delegation in Part A, set out in Tables 1.a and 1.b.**
- ii) **Approve the Investment Board recommendation to withdraw the GBF programme grant award of £965,585 to Arbucc (Drum) Limited for the scheme at Panther Court, Co. Durham and to reallocate this amount to Durham County Council to support the NETPark Phase 3 development, bringing the total grant award from the North East LEP to £3.930,585 as set out in para's 3.1-3.6.**
- iii) **Note the latest 2022/23 budget and KPI performance position on the LGF, GBF, EZ and PDAF funding programmes as set out under Part C.**

6 DISCUSSION PAPER: THE FUTURE OF THE REGIONAL BUSINESS SUPPORT - WILL THE UKSPF ROLLOUT ADDRESS THE PRIVATE SECTOR CONCERNS AND DESIRES?

Colin Bell presented a discussion paper on the future of the regional business support, provided context on the changing funding landscapes and advised that the UKSPF was essential domestic funding to replace for European funding.

Board members were recommended to have an open discussion on:

- i. how to address the short-term issues presented in the paper;
- ii. note the current work with the LA7 and provide constructive challenge and feedback to input into the ongoing collaboration between the North East Growth Hub and the UKSPF Lead Authorities.
- iii. how to ensure the design and delivery of a best-in-class system for rollout for 2025/26

As the region transitioned from EU funding to the UKSPF the North East was fortunate that it had a solid base on which to build a more transformative ecosystem and take the Growth Hub work to date to the next level. However, there was a fear that the way the UKSPF had to be allocated, there was a significant risk that as a region the North East did not leverage and build on existing strengths and that it could miss the opportunity to make things better through the implementation of

UKSPF – a fear that was shared and regularly vocalised by the private sector in the region.

One thing that had changed was the strategic alliance with scaleup and the scaleup theme was no longer as prominent as it had been.

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

- It was confirmed that in 2025/26 the UKSPF would become the responsibility of the new combined mayoral authority.
- A lot of funds were through fund managers outside of the region and this was an issue as it lost its focus. This raised the issue of how much was being done to attract funds and investment to deploy growth.
- There was a risk of fragmentation over the next two years and losing ground until there was a strong strategic plan across the region.
- Political leaders understood the concerns of the LEP and the business membership organisations.
- Clarity on what the business adviser bit included to ensure the proper connection to the new entity.
- It was incumbent on the local authorities and the LEP to have conversations and pick up on anything that was not going well.
- Aligning strategy should not be an problem as the region was fairly aligned already.
- It was suggested that further discussions with Henry Kippin and NEMCA to define how businesses were joining the conversations in the next 12 months.
- The Chair commented that she also had a responsibility as she attended the NTCA and NECA cabinets.
- Conversations with relevant cabinet members with responsibility for economy portfolios could also be useful.
- The paper stated that the UKSPF presented an opportunity to shift from a transactional to a transformative approach to business support. The business community needed to be at the fore.
- Firmly putting the customer at the centre of service design was a really sound principle which should be captured.
- This would be an evolving picture going forward. Portfolios would be created and there would be teams tasked with delivering and developing out propositions around different area. How the LEP and the future business board worked with and fed into those teams developing the structures needed to be considered. A direct and structured pathway into those teams was really important.
- On business birth rates and the idea of an entrepreneurial future, there was already an awful lot of work done with young people; having businesses speaking to young people in schools, colleges and universities really made a difference. Board members were encouraged to share their experiences of business start up across a broad young audience to help grow the business birth rate.

RESOLVED - That the Board had an open discussion on:

- i. **how to address the short-term issues presented in the paper;**

- ii. **note the current work with the LA7 and provide constructive challenge and feedback to input into the ongoing collaboration between the North East Growth Hub and the UKSPF Lead Authorities.**
- iii. **how to ensure the design and delivery of a best-in-class system for rollout for 2025/26.**

7 **DEVOLUTION UPDATE**

Henry Kippin (NEMCA Interim Chief Executive) gave a verbal update to the Board. The update advised that:

- the consultation exercise ended tonight; the responses were positive. Everyone had been reminded that this was not a referendum and numbers were around 65:35 in terms of 'for' versus 'against' on the major things that the consultation asked such as whether the governance model made sense.
- The North East LEP draft response (to be signed off later in the meeting) was really helpful and supportive.
- The results of the consultation exercise would be considered and analysed after the pre-election period for the local elections on 4 May.
- The seven constituent councils would submit this back to the Secretary of State to demonstrate that residents and strategic partners were comfortable with the deal, nothing untoward was anticipated.
- Over the summer work would be done on the legal instrument which would be laid in the autumn.
- There were 3 or 4 big pieces of work on governance, legal, HR and finance relating to operational transition and the coming together of the family of organisations to create the new LA7 in shadow form.
- There was also a huge amount of policy development work being done ranging from work on the evidence base to develop a long-term investment fund and specific pieces of work with shadow portfolio holders.
- Alongside this there was also quite a lot of work around the political governance and what the new shadow form of governance needed to look like.
- There was a lot of activity happening and it was all quite positive.
- The North East had been named as one of the areas to be able to negotiate with government on investment zones, and again, this was a positive.
- The intention was to reflect the good collaboration that currently existed in the region and to build on what was good and what could be better in the new world.

On behalf of the Board, the Chair thanked Henry Kippin for the update and the amount of time he put in to keeping members up to date.

8 **DRAFT LEP DEVOLUTION CONSULTATION RESPONSE**

Richard Baker introduced the report. He advised that draft letter was the response to the formal consultation from the local authority leaders.

The first key test was that the geography of the deal represented a functional economic geography and the LEP needed to comment positively on this.

The consultation document also needed to demonstrate that the powers that would transfer to the new combined authority, all transferred from central government, were appropriate to the economic opportunities and challenges faced by the region.

The draft letter responded to the five specific questions in the document although it was acknowledged that the Board probably would have liked to include other things.

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

- Members commented that it was a really good response.
- Relationships between the local authorities and the business community had not been as strong as they were now. It was worth remembering that the North East had got this right and become a respected region. The strength of the relationships should be celebrated.
- The draft letter reflected the above sentiment by including the term ‘a stable, accountable and collaborative structure’. It was suggested that these sorts of words should be underlined a bit more.
- It was confirmed that the LEP had been formally asked to respond to the consultation.
- The percentage and type of respondents to the consultation were important to demonstrate to government that key anchor organisations were supportive and engaged.
- It was suggested that the letter would benefit from the inclusion of some succinct bullet points setting out exactly what was being said. These could be lifted and used elsewhere. The clarity of the message was really important.

The Chair welcomed the general support for the draft response. She would talk to Richard Baker offline to polish the letter and submit it as soon as possible.

RESOLVED – That the Board commented on the draft letter to allow a LEP response by close on the 23 March 2023 deadline.

9 CHAIR AND CHIEF EXECUTIVE UPDATE

Noted.

10 ANY OTHER BUSINESS

On behalf of the Board, the Chair thanked Richard Baker, as this was the final time he would present at the LEP Board for being an outstanding member of the Executive Team and his outstanding contribution to the North East LEP and the region.

11 DATE AND TIME OF NEXT MEETING

The next meeting would be held in person on 25 May 2023.