

Cabinet

Tuesday, 23 March 2021 at 2.00 pm

SUPPLEMENTAL AGENDA 1

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Subject: Investment Fund Update and Fund
Report of: Director of Economic Growth
Portfolio: Economic Growth

Report Summary

The purpose of this report is to update Cabinet on the North of Tyne Investment Fund programme, highlighting progress on a number of collaboratively designed and delivered investment projects aligning with Cabinet's strategic vision. These include:

- £8.67m supporting *Place Based Regeneration* - including projects central to the North Shields Master Plan, which was approved by North Tyneside Cabinet in January 2021. These are the re-location of the Shields Ferry landing (£0.75m), subject to match funding being confirmed; the repair of the Protection Jetty surrounding the Fish Quay (£1.54m); and the redevelopment of three strategically located housing sites using the Brownfield Housing Fund (£6.385m).
- £10m to support *Covid Recovery* - bringing forward collaboratively-developed proposals for a North of Tyne Recovery Innovation Fund, including vouchers to help business to meet costs of adapting and utilising new technologies; funding to support development of localised delivery models and tourism product innovation; and projects to support adaptation of our places and spaces.
- £3.25m to support *Culture and Creative Sector Recovery* – through a North of Tyne Culture and Creative Recovery Programme which is due to go live in May and will be delivered by Creative England, helping provide both investment and business support to the sector.
- £4.22m to support *River and Port-side Infrastructure* and our *Transition to Clean Energy* – highlighting the first projects within our North of Tyne Offshore Infrastructure Fund at Swans Energy Park and Port of Blyth.
- £10m to drive *Innovation in Green Jobs and Growth* – including delivery plans for a flagship North of Tyne Green New Deal Fund which will support projects that reduce carbon emissions and create new job opportunities.
- £5m to support *Innovation in Healthy Ageing* – inviting proposals that will support the translation of world-class R&D into real-world innovation, jobs and new business opportunities in the region
- Delivery plans for a *North of Tyne Poverty Truth Commission* – which will ensure the work of the Combined Authority is rooted in inclusive growth and the real lives and challenges of some of our most vulnerable citizens.

The investments outlined above, together with previous approvals, take the total Investment Fund commitment to £59m, which will contribute to a projected 4130 new jobs, and draw in more than £193m of private sector leverage.

Recommendations

The Cabinet is recommended to:

1. Note progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and achievements in terms of tangible jobs for residents as a direct result of our investment.

2. Approve funding of £1,540,405 from the Investment Fund for the North Shields Fish Quay Protection Jetty Refurbishment project.
3. Approve funding of £750,000 from the Investment Fund for the Cross Tyne North Shields Ferry Landing – Renewal and Relocation project, subject to the applicant securing necessary match funding.
4. Note progress on NTCA’s Brownfield Housing Fund, including in-principle approvals being given of £6.385 million for Smith’s Dock, Tyne Brand and Unicorn House in North Shields.
5. Confirm the £10m allocation for Recovery Innovation and approve the approach set out in Section 1.4 of this report. Calls for projects will be structured on a ‘test-and-learn’ basis, with an initial allocation of funding released as a first phase and future phases dependent on demand, speed of implementation and impact.
6. Note progress in relation to the Digital Adoption North of Tyne Programme, including enhancement of the support available to SMEs to further improve resilience in response to COVID-19 and inclusion of a dedicated offering for Voluntary and Community Sector organisations.
7. Note that our Green New Deal Fund will be operational in the summer of 2021, where £9m of NTCA funding is expected to leverage private sector resources to deliver an £18m investment, enabling the North of Tyne to take a real lead in an area that will be fundamental to future growth, recovery, and the achievement of net zero.
8. Note progress on the North of Tyne Offshore and Subsea Infrastructure Programme, including approval of £2.22m for Bates Clean Energy Terminal and £2m for Swans Energy Park, and agreement to open a further call to continue the development of the pipeline.
9. Note Section 1.8 of the report, in relation to the Healthy Ageing Economy sector narrative and investment priorities, and agree the specific priorities and recommendations itemised in Appendix A of this paper.
10. Delegate authority to the Director of Economic Growth, in consultation with Investment Panel, our Constituent Authorities and the Mayor, for submission of a Community Renewal Fund bid to Government and for the submission of a Levelling Up Fund bid into this or future rounds.
11. Receive future progress updates on the Poverty Truth Commission, whose business case for funding has now been approved.
12. Authorise the Interim Head of Paid Service to finalise the conditions to be attached to the above funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation.

1. Background Information, Proposals and Timetable for Implementation

1.1 Background

- 1.1.1 The North of Tyne Investment programme was established to support growth and job outcomes as outlined in the Devolution Deal. It is shaped by the Economic Vision agreed by Cabinet and includes a growing portfolio of investments designed to benefit people, places, businesses and the economy across Northumberland, North Tyneside and Newcastle.
- 1.1.2 Cabinet has made significant headline allocations to support key sectors, including around clean growth, digital and culture and creative. The impact of the pandemic has further increased the need for this investment; this report includes an update on how we have accelerated delivery across several of our programmes with a focus on recovery. It also provides an overview of progress to date and a forward look at upcoming priorities for NTCA investment.

1.2 Investment Fund progress to date

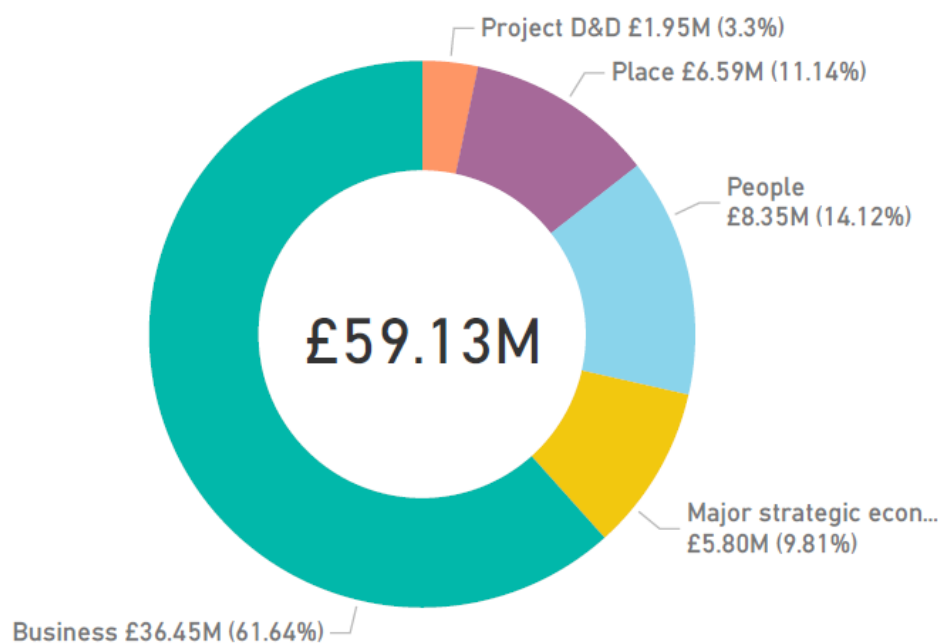
1.2.1 Delivery of the Investment Fund Programme continues; £59.13m is committed against a wide range of projects and programmes, with project delivery well underway. In addition, a healthy pipeline of high-quality projects is in place with several significant investments planned in the coming months. This includes investment in our digital and offshore sectors, enabling innovation in businesses, as well as broader programmes of support to our residents and communities.

1.2.2 The COVID-19 pandemic continues to have an impact on residents and our economy. The Combined Authority is working closely with project sponsors to provide additional support and enable the development of alternative delivery methods where appropriate and realise outcomes.

1.2.3 To date the Combined Authority has achieved:

- A commitment of £59.13m against 58 projects – out of a total programme value of £90m to March 2023
- These projects will attract £193m of private sector leverage and are forecast to deliver 4130 jobs and safeguard a further 2650.
- Of these, the first 173 new jobs have been created and 900 safeguarded.

Diagram 1: Investment Fund commitments to date



1.2.4 Rapid progress is also being made on the NTCA's Brownfield Housing Fund programme. The NTCA secured £23.85 million from Government's £400 million national fund. The funding is intended to support the development of at least 1,500 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. Work has commenced on the Scotswood Phase 2 and Newbiggin Hall schemes, which were reported to Cabinet last month. Across the programme, a total funding award of £9,833,001 has been made, which will enable the delivery of 1402 homes. The remaining schemes on the programme are progressing through the business case development stages and will be considered by Investment Panel. This strong progress places NTCA in a good position to meet both the output and spend targets set out by Government.

1.3 Place Based Regeneration in North Shields

1.3.1 The Combined Authority is bringing forward a coherent package of investments in and around North Shields town centre and fish quay. These will help redefine the town centre offer, helping attract new residents and investment to the town centre and acting as a catalyst to revitalise the riverside area. The projects include investing in the Fish Quay, renewing the Ferry landing and regenerating brownfield housing sites. Together with other infrastructure projects, they will lead to the direct creation of jobs; safeguarding of fishing industry employment; more homes; better connectivity and wider economic growth and regeneration.

1.3.2 These projects are integral elements of the North Shields Masterplan, itself supported through Business Case Development Funding by the Combined Authority. NTCA funding for the projects also brings in the opportunity to seek significant external funding and leverage – including from the Department for Transport; Marine Management Organisation; Getting Britain Building Fund and the Transforming Cities Fund.

North Shields Fish Quay Protection Jetty Refurbishment

1.3.3 The overall aim of this project is to safeguard and maintain the fishing industry at North Shields Fish Quay by delivering infrastructure improvements to ensure that the existing berths remain operational and to bring two currently closed berths back into use.

Proposal Name	North Shields Fish Quay Protection Jetty Refurbishment
Lead Organisation	North Shields Fish Quay Company [NSFQC]
Partners	Port of Tyne
Delivery Areas	North Shields Fish Quay
Timescales	March 2021 – March 2022
Project value	£3,080,810
Grant requested	£1,540,405

1.3.4 The project is essential to safeguard and maintain the fishing industry at North Shields Fish Quay, where 56 local businesses support over 300 jobs. An active Fish Quay is also an integral part of the wider North Shields masterplan, supporting broader economic growth, housing development and regeneration.

1.3.5 The project itself delivers infrastructure improvements and repairs to secure the ongoing operation of the Fish Quay. The 'Protection Jetty' has been closed for access and use since November 2017 due to the condition of the structure and safety concerns (although the other berths at the Fish Quay are still operational). The project will invest in the Protection Jetty to avoid further degradation and ensure it continues to provide shelter for the rest of the Fish Quay, whilst also bringing the Jetty back into productive use. A new wave wall will be constructed to provide protection to the Gut which is used to moor fishing boats. Specifically, the project will:

- Build a new structure around the existing Protection Jetty – ensuring that it continues to function adequately.
- Install new bollards, fenders and ladders, and provide power, water and new lighting on the Projection jetty – bringing new berths into use.
- Construct a new wave wall, which will provide protection to the Fish Quay and the Gut, which is used to moor fishing boats. The existing wave wall will be retained.

Cabinet is asked to:

- Approve funding of £1,540,405 from the Investment Fund for the North Shields Fish Quay Protection Jetty Refurbishment project.

Cross Tyne North Shields Ferry Landing – Renewal and Relocation

- 1.3.6 The overall aim of this project is to re-locate the North Shields Ferry Landing to ensure that the ferry can continue to operate beyond the useful lifespan of the current ferry landing and, by relocating the new ferry landing 750m downstream at North Shields Fish Quay, ensure the economic benefit of the crossing is maximised and aligned with the planned retail and leisure regeneration programme for the area.

Proposal Name	Cross Tyne North Shields Ferry Landing – Renewal and Relocation
Lead Organisation	Nexus
Delivery Areas	North Shields – North Tyneside
Timescales	March 2021 – June 2022
Project Value	£7,072,990
Grant / Loan amount requested	£750,000

- 1.3.7 The existing North Shields ferry landing will become unusable in a few years and must be renewed so that the Cross Tyne ferry can continue to operate. Nexus and North Tyneside Council have identified the opportunity to relocate the new ferry landing 750m downstream at North Shields Fish Quay, where a retail and leisure regeneration programme is planned. The pedestrian and cycle ferry currently provide a sustainable transport link for over 435,000 passengers a year (pre COVID-19). Without a replacement ferry landing, the future of the existing ferry service would be at risk with the landing at North Shields no longer fit for purpose and with a maximum expected lifespan of two years.
- 1.3.8 Moving the Ferry Landing to the Fish Quay is an integral part of the North Shields Masterplan, having a positive catalytic impact on the other elements. The new location will bring more people to the Fish Quay by ferry and strengthen links between the North Shields and South Shields coastal economies. Bus connections between the ferry and the North Shields Town Centre will be retained through the provision of a bus turning circle and waiting area. The Ferry provides an important transport link to people accessing South Shields Town Centre and the Ferry landing is close to the Holborn Phase I and II enterprise zones, which are expected to be developed in the next few years, creating additional housing and employment opportunities in the area. Modelling indicates that the economic improvements on both sides of the river could increase ferry patronage by more than 50% over the next 10 years. The relocation of the Ferry landing to the North Shields Fish Quay is expected to increase patronage by a further 8%.
- 1.3.9 The project is part of the Getting Building Fund programme, with £5.65m being agreed in principle last year, subject to finalisation of the business case, leaving a funding gap of circa £1.388m. It is proposed that this is met from the current application from NTCA for £750k, with the remaining match to be provided by Nexus or other funding means.
- 1.3.10 Undertaking the works at this time would help support 74 Construction jobs, providing an economic boost in the next few years. Maintaining this important pedestrian and cycle public transport route, would help support leisure and tourism uses and avoid additional car usage for cross Tyne journeys. The passenger and cycle link would also continue to offer a sustainable transport link to the enterprise and employment zones that are being developed to the north and south of the ferry landings.

Cabinet is asked to:

- Approve funding of £750,000 from the Investment Fund for the Cross Tyne North Shields Ferry Landing – Renewal and Relocation project, subject to the applicant securing necessary match funding.

North Shields Masterplan Area Housing regeneration: Brownfield Housing Fund

1.3.11 Three housing sites within the North Shields Masterplan Area have been approved for Brownfield Housing Funding [BHF], subject to final due diligence. In total, £6.385 million for Smith's Dock, Tyne Brand and Unicorn House in North Shields. Together, these sites are ideally located to support the regeneration aims of the North Shields Masterplan by providing new homes, attracting people and investment to the town centre and acting as a catalyst to revitalise the riverside area:

- Redevelopment of the former Unicorn House will act as a catalyst for town centre regeneration, complementing current investment in the area and supporting the emerging aims of the Masterplan for the area by increasing the quantum of new, high quality housing and by forming a corridor of regeneration to the town's historic Georgian central square. The site currently houses the former Unicorn House office block, a sub-station and large parking area that were built in the 1970s. The building has been vacant for several years and is now in a poor condition. Funding is required for demolition, land remediation infrastructure, access roads to sub-station, and communal garden areas to be developed. BHF will allow 28 new homes to be built on the site of Unicorn House.
- Smith's Dock is an ongoing development that has outline planning consent for 775 homes. There are two completed phases to date: The Plateau (24 modular townhouses) and Smokehouses 1 and 2 (two residential apartment blocks). The discovery of a worked underground coal seam has halted progress of the development and significant further works are necessary to the sites "dock promenade" and retaining wall to unlock further development parcels. Together these additional works present a challenge for project viability, foundation design and will block future phases of development including the provision of up to a further 660 homes.
- The former Tyne Brand factory is part of a complex development site in multiple ownership and requires land assembly, demolition, removal of asbestos, and land remediation prior to development commencing. The cost of these works has prevented development on a potentially attractive location close to the revitalised Fish Quay. The commissioning of professional surveys, land acquisition and remediation of the land using BHF will facilitate the construction of at least 114 new homes.

1.4 Investments to support the COVID-19 Recovery Phase: Innovation Recovery and Culture and Creative Recovery

1.4.1 In November, Cabinet approved £10 million of funding to support post-COVID-19 economic recovery – for innovations that will make a difference now, and that will leave a legacy that lasts beyond the immediate crisis. This is intended to complement the work of the Councils, who are currently supporting business survival through implementation of the Government grants to businesses required to close, or otherwise severely impacted by COVID-19 restrictions. The project follows on from the £5m North of Tyne COVID-19 Capacity Fund, which was agreed in March 2020 and is supporting businesses, VCS organisations and residents in their response to the COVID-19 pandemic.

1.4.2 The Combined Authority is now bringing forward three proposals for the £10m Recovery Innovation Fund:

- **Business Innovation Vouchers:** providing support of up to £10K per business to support them to innovate, adapt and utilise new technologies to help them grow – with a particular focus on supporting local SMEs and businesses aligned to our inclusive economy objectives. These will be designed to dovetail with Government's new Help to Grow scheme, announced in the March budget, which will provide support for executive training and software.
- **Bespoke innovation challenges and projects:** specifically designed to support innovation in product development/delivery for the tourism sector and cross-sector support for localised delivery models – improving the connection between local demand and local supply chains across a range of sectors including retail, food and drink.

- **Adapting places and spaces:** this would enable proposals for a range of interventions which would leave a legacy and support the transition towards a more sustainable future. This will include repurposing spaces to increase footfall and useability, creating pop-up uses, developing retail incubators/test facilities, and supporting local trading and/or helping in the development of town centre and city recovery plans.

1.4.3 It is proposed to release funding on a rapidly phased basis, with the first phase designed to support rapid implementation. The first phase will comprise £1.5m for Business Innovation vouchers (from a £3m indicative allocation); £1m for bespoke innovation challenges and projects; and an initial £1m to support recovery in place (with the potential for this to increase subject to an initial pilot phase). Calls will be structured on a ‘test-and-learn’ basis, with future phases dependent on demand, speed of implementation and impact. This approach will ensure that the programme is allocated to priorities and recognises the need for flexibility as the programme, external environment and national Government support evolves. We will integrate the Recovery Innovation Projects with opportunities for funding from Government’s Community Renewal Fund, described further in section 1.9. The NTCA Investment Panel and Mayor will ensure that the process of co-production of this programme with external partners continues: reviewing bids, monitoring progress, bringing forward proposals for the Reserve element and any other changes to the programme.

1.4.4 The Innovation Recovery proposals have been designed to dovetail with other support, including £3.25m to support the restart and recovery phases for the **Culture and Creative sector**. Following a competitive process, this programme will be delivered in partnership with Creative England and represents real innovation in this sector – the first regionally devolved approach to sector recovery delivered in partnership with a national agency; underpinned by strong local collaboration and sector buy-in. The Fund is expected to be launched in May 2021. The support to businesses will be in two elements:

i. Investment

- Grant funding for earlier stage businesses, individuals, artists, and creative practitioners to support new Intellectual Property (IP);
- Recoverable investment for early stage businesses to support new IP, market research, diversification, and skills;
- Loan finance for increasing capacity, building infrastructure, leveraging further investment, and scaling.

ii. Business Support Package

- Wraparound support designed to target specific market failures of access to finance / fundraising capacity; lack of investors in the sector; and cross-sector collaboration/ effective networks. The support package will include business diagnostics and signposting; an accelerator programme; investor cultivation; brokering cultural collaborations; and leveraging partnerships.

1.5 Digital Adoption North of Tyne Project Enhancement

1.5.1 The scope of NTCA’s Digital Adoption North of Tyne programme, which is delivered by the Digital Catapult, has been expanded. In addition to support for SMEs to undertake advanced digital adoption, such as the development of new products and services based on new or emerging technologies, the project has been allocated additional resources to support ‘basic digital adoption’, supporting COVID-19 recovery.

1.5.2 The additional support on offer now includes advice on how digital adoption can improve business resilience, including through e-commerce and online payment systems and managing COVID-19 restrictions using technology. The offer is available for all SME businesses in the North of Tyne, including those who are traditionally ‘non-digital’. The project now also includes a dedicated offering for Voluntary and Community Sector organisations in partnership with VONNE.

1.5.3 Our overall Digital adoption programme will now offer:

- **Simple digital adoption:** For example, support on: Search Engine Optimisation (SEO), social media, and CRM solutions.
- **Process Transformation:** Supporting SMEs to changing the way they operate their business using digital.
- **Product/service development:** Supporting SMEs to create and develop new revenue generating (or social good) products/services by using advanced digital technologies;
- **Cultural & Organisational Transformation:** ensuring businesses are ready to plan and deploy digital transformation.

1.6 Green New Deal Fund

1.6.1 In March 2020, NTCA agreed a £24m package of investment (until 2023) in clean energy, green growth and adaptation to climate change. This included a commitment to establish a 'Green New Deal Fund' with an explicit focus on creating and supporting new green jobs – providing incentives for the private and public sector to innovate in the areas where the most CO2 will need to be reduced.

1.6.2 The Green New Deal Fund will maintain and enable positive environmental benefits in recovery; catalyse investment in green growth which complements and aligns with other regional and national funding and leverages private sector investment; stimulated innovation and business growth in the green economy and targets investment in area of genuine opportunity for the area. A Green New Deal Fund Panel (to include representatives from the Combined Authority, Local Authorities and the private sector) will oversee investment decisions. The aim is to ensure this is a lean, commercially experienced, and outcomes-focussed Panel that aligns energy sector and local knowledge.

1.6.3 NTCA launched a call for proposals in September which attracted interest from leading delivery organisations capable of delivering the fund in partnership with NTCA. Investment Panel have considered the outcome of the call process and have recommended that £9m should be utilised in a Limited Partnership structure to deliver the North of Tyne Green New Deal Fund, subject to a satisfactory completion of financial due diligence appraisal on the selected delivery partner. It will attract £9m of additional private sector investment leverage, resulting in an £18m programme. The fund is expected to be operational in the summer of 2021, with the North of Tyne taking a real lead in an area that will be fundamental to future growth, recovery, and the achievement of net zero.

1.6.4 In September 2020, NTCA Investment Panel also recommended establishing enhanced capacity to accelerate the development of a pipeline of low carbon projects to investable proposition stage in order to maximise national and regional investment. There was interest from the wider region to explore ways in which capacity to support green growth could be pooled at a wider level – given the potential for significant synergies and with many external partners working at a wider geography. Building on this work, NTCA in collaboration with the North East LEP, Durham County Council, Gateshead Council, South Tyneside Council and Sunderland City Council have developed an Energy for Growth Accelerator which will deliver this enhanced capacity across the North East region. NTCA will contribute £495,000 as part of £2.3m proposal also funded by regional partners.

1.7 North of Tyne Offshore and Subsea Infrastructure Programme

1.7.1 The offshore renewable sector provides a game-changing economic opportunity for the area. Given the scale of opportunity, but also the scale of investment needed to realise it, NTCA has agreed a headline investment fund allocation of £25 million up to 2028 for the entire programme (including the innovation and infrastructure components), approving the initial £12m till 2022/23, with the remaining of the allocation to be confirmed following a review in 2022/23.

1.7.2 NTCA is approaching the development of the Offshore and Subsea infrastructure pipeline as an iterative process. The main point of the programme overall is the building of a robust pipeline and the strengthening of proposals which will put North of Tyne partners in a much better position to take advantage of future opportunities such as the Levelling Up Fund; Shared Prosperity Fund;

Innovate UK funding and any other such future opportunity. In addition, some proposals may be supported by NTCA funding.

- 1.7.3 The first expression of interest call opened in the autumn of 2020; Investment Panel considered the outcome of the EOI call in December 2020 and agreed to invite the three top ranked proposals to full business case stage. Two of these, Bates Clean Energy Terminal and Swans Energy Park were considered by Investment Panel in March 2020 who recommended to the Interim Head of Paid Service that the funding requested for both schemes is approved subject to relevant funding conditions. Investment Panel also agreed to open a second Offshore & Subsea Infrastructure call in March/April 2021 to continue the development of the pipeline.

Bates Clean Energy Terminal

- 1.7.4 The Bates Clean Energy Terminal proposal is sponsored by the Port of Blyth. The site has had a first phase of investment to provide a link to the adjacent Wimbourne Quay facility and ORE Catapult, creating a single operational site of 17 hectares with two berths. Although identified as a strategic site with unlocked potential, in its current capacity the quay does not meet the requirements for the large operation vessels and new generation services that would utilise the terminal.
- 1.7.5 The £5,550,000 project, with funding of £2,220,000 from the NTCA, will enlarge and strengthen Bates Quay, extend the marine fuels pipeline to Wimbourne Quay and provide a heavy lift electric crane to support loads up to 100 tonnes for general lift capacity for everyday working. The investment is linked to live inward investment enquiries which would lead to the creation of 200 jobs.
- 1.7.6 This project will unlock the full potential of the terminal, encouraging further investment to develop a unique low carbon 'clean energy terminal' providing jobs, renewable power and heating and electrification to support plant, equipment and vessels. Benefits will include:
- Regeneration of a former fossil-fuel terminal to a clean energy terminal supporting renewable energy;
 - Opportunities for new low carbon jobs in offshore wind and help the region deliver on UK aspirations for local content;
 - Protecting the interests of the existing 500 jobs in the offshore supply chain based in and around the Port;
 - Sustainable investment from the offshore wind sector;
 - Follow on investments will require permanent buildings (offices and warehouses) on site which link directly to other opportunities such as low carbon heating from mine water, which is a project being considered by the Port and Northumberland County Council.

Swans Energy Park

- 1.7.7 The Swan Hunter site is a key regeneration priority for the North of Tyne area and has Enterprise Zone Status. The site has recently been sold by North Tyneside Council and purchased by Shepherd Offshore to be developed as part of the growing North East offshore economy. The location of the Swans Energy Park on the North Bank of the Tyne is adjacent to Shepherd's Neptune Energy Park and close to the Offshore Technology Park. The Swans Energy Park, combined with Neptune, will create a single large site of 24.3 hectares. Sites of this size are particularly attractive for offshore wind manufacturing, given the size of the components, and this is indeed the main focus for the site. Shepherd Offshore Limited will manage the estate promoting a collection of critical suppliers and value stakeholders creating another manufacturing cluster as per the Neptune Energy Park and Offshore Technology Park, focusing on attracting mutually beneficial tenants who can bring value to both the site and the wider community.
- 1.7.8 Initial public investment is being sought from NTCA and the Getting Building Fund, managed by the North East LEP, to allow Phase 1 enabling works to progress at Swans Energy Park to strategically establish, maintain and modernise the current quayside and site capacities, which will begin to allow the site to return to operational use. Phase 1 will kick start the immediate requirements to be operational, meeting the needs and demands of current users and to begin the remediation and

modernisation of the site and bring certainty to future investors. The total project cost is £7m, with £2m from the NTCA.

1.7.9 Phase 1 of the development is required to enable full remediation of the site in Phase 2 which will create a developable platform required to attract a long-term end-user of the site. Phase 3 will connect the Swans site to the already successful Neptune Energy Park creating a potential development area of up to 60 acres. The final proposed phase 4 of the development is intended to deliver an operational manufacturing centre for an end-user utilising the site's infrastructure and connection to Neptune Energy Park, creating a large number of employment and skill opportunities on site and in the wider supply chain.

1.8 Healthy Ageing Economy Investment Plans and Narrative (appendix A)

1.8.1 The economic evidence base that shaped The North of Tyne Devolution Deal identified healthy ageing as an important area of social and economic potential, in which our region already has valuable and nationally recognised assets and expertise. The appendix to this report sets out the case for proactive investment in this potential – translating our R&D assets into new jobs, business start-and-scale-up opportunities, supporting a 'clustering effect' that will position our region as a national and global centre of excellence.

Cabinet is asked to:

- Consider the recommendations itemised in appendix A of this paper in relation to the Healthy Ageing Economy sector narrative and investment priorities

1.9 Community Renewal Fund and Levelling up fund

1.9.1 Government launched the £220 million UK Community Renewal Fund (UKCRF) alongside the March Budget, with funding will be allocated competitively. The Fund covers the following themes:

- Investment in skills
- Investment for local business
- Investment in communities and place
- Supporting people into employment

1.9.2 The NTCA is identified as the lead bidding authority for all three local authority areas, with Government guidance setting out that lead authorities should:

"invite bids from a range of project applicants; appraise and prioritise a shortlist of projects up to a maximum of £3 million per place (as defined in the glossary of terms and set out in the list of 100 priority places); and submit a shortlist of projects to UK government."

1.9.3 Funding is 90% revenue and 10% capital with the bids submission deadline Friday 18 June, and project delivery to be complete by March 2022.

1.9.4 Government also announced details of the first phase of the £4.8 billion Levelling Up Fund, which will support three key objectives: town centre and high street regeneration; local transport projects; and cultural and heritage assets. Local authorities can submit one bid of up to £20million for every MP whose constituency lies wholly within their boundary, while the Combined Authority can also submit one bid. Bids which are able to start delivery in 2020-21 will be prioritised.

1.9.5 Because of the compressed timescales for these programmes, Cabinet is asked to delegate authority to the Director of Economic Growth, in consultation with Investment Panel and the Mayor, for submission of a Community Renewal Fund bid to Government and for the submission of a Levelling Up Fund bid into this or future rounds.

1.10 Poverty Truth Commission

1.10.1 In November 2020, Cabinet agreed to explore the development of a Poverty Truth Commission (PTC), to understand better how poverty and inequality is directly experienced by residents, in particular as a result of COVID-19, and to use this insight to help shape priorities in respect

of our inclusive economy interventions and wider growth strategy. Following scrutiny of the business case, £80,000 of NTCA funding to undertake a PTC has now been approved.

1.10.2 PTCs are models of direct citizen engagement in decision-making. They bring people with real or ‘lived experience’ of poverty together with decision-makers and other influential leaders from the public and private sector and wider civil society. PTCs work alongside other established forms of resident engagement, such as local authority ward committees, reaching residents who are often furthest from traditional forms of engagement and consultation because of economic exclusion. The main benefits of PTCs are therefore:

- Enabling residents with ‘lived experience’ of poverty to directly inform and shape the policies and programmes of local authorities and wider partners.
- Improving the quality, relevance and impact of policies and programmes, as a consequence.
- Supporting co-design and co-production objectives, as well as, in the case of NTCA the Combined Authority’s socio-economic duty obligations (part of the Combined Authority’s Public Sector Equality Duty, as outlined in our Equalities and Diversity Policy).
- As a result, directly supporting NTCA’s Economic Vision and Inclusive Economy ambitions.

1.10.3 Cabinet is asked to receive further updates on the North of Tyne PTC, including as the implementation arrangements are finalised.

2. Potential Impact on Objectives

Programme delivery as described in the report is consistent with the priorities set out in NTCA’s vision.

3. Key Risks

Programme risks are managed in line with agreed processes and Individual project risks have been considered as part of the application and appraisal process.

4. Financial and Other Resources Implications

This paper reports specific progress on projects which account for over £41m of NTCA funding. A number of projects detailed in the report are subject to Delegated Authority from Cabinet and their financial implications will be fully considered through that process. In terms of specific funding requests from North of Tyne Investment Funds set out in this paper, for which Cabinet approval is requested, are as follows:

	2020/21	2021/22	Total (£)
<i>North Shields Fish Quay Protection Jetty Refurbishment</i>	252,623	1,287,783	£1,540,405
<i>Cross Tyne North Shields Ferry Landing – Renewal and Relocation</i>		£750,000	£750,000
TOTAL	£252,623	£2,037,783	£2,290,405

Cabinet is asked to approve priorities within the Healthy Ageing economy in the North of Tyne – proposals for investment will draw on the £33m allocation made available by Cabinet to support the growth of key sectors in March 2019. The full financial implications of projects will be assessed as part of any forthcoming funding applications. Any project funding approvals will be additional to the £59.13m commitments to date.

5. Legal Implications

The Interim Monitoring Officer’s comments have been included in this report.

6. Equalities Implications

Equality impact assessments are undertaken for all funding requests in accordance with the agreed process.

7. Inclusive Economy Implications

The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria. The activity described within this report is considered to positively support the Inclusive economy priorities of the Combined Authority, particularly by supporting the development of a Poverty Truth Commission.

8. Climate Change Implications

Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority, particularly by supporting the adoption of digital technologies by SMEs.

9. Consultation and Engagement

Stakeholders have been fully engaged in the development of the project proposals and as far as possible wider engagement has been sought in the development and market testing of open calls

10. Appendices

The Healthy Ageing Economy in North of Tyne: a strategic approach to investment.

11. Background Papers

None

12. Contact Officers

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13. Glossary

NTCA	North of Tyne Combined Authority
SME	Small to Medium Enterprise
NSFQC	North Shields Fish Quay Company
CRF	Community Renewal Fund
VCS	Voluntary and Community Sector
IP	Intellectual Property
LEP	Local Enterprise Partnership
PTC	Poverty Truth Commission
BHF	Brownfield Housing Fund

Subject: The Healthy Ageing Economy in North of Tyne: a strategic approach to investment

Report of: Henry Kippin - Director of Economic Growth

Report Summary:

The economic evidence base that shaped The North of Tyne Devolution Deal identified healthy ageing as an important area of social and economic potential, in which our region already has valuable and nationally recognised assets and expertise. This paper makes the case for proactive investment in this potential – translating our R&D assets into new jobs, business start-and-scale-up opportunities, supporting a ‘clustering effect’ that will position our region as a national and global centre of excellence.

The Opportunity of Healthy Ageing

Healthy ageing is not a ‘sector’ as such; but a set of emerging markets – for a whole range of public, private and social services that will be shaped by the reality of demographic change. These range from services to better address needs (such as home adaptations, mobility services and digital health & care solutions), to consumer products designed to reflect the desires of a changing population base (such as leisure, fashion or tourism related products). Some of these markets are quickly becoming established; others are at an earlier stage.

Longevity in society is a phenomenon to be celebrated and nurtured. But much of the debate on demographic change focuses on the challenges – such as the cost of care, or the implications of a shifting ‘dependency ratio’, wherein fewer people of working age support more people in retirement. The dynamics of ageing are complex. The inequalities we see through the life cycle – in wealth, gender, ethnicity and health – will naturally play out through older age. For example, the North East has the lowest disability-free life expectancy in England – which itself a product of inequalities and poor health outcomes through people’s lives.

The challenges of an ageing society are fundamental, but they are only one side of the coin. The emerging markets and services noted above also represent huge opportunities – both for better care and healthier lives, and for our economy. This opportunity is already recognised, and globally significant. It is the reason why Government has selected ageing as one of its ‘Grand Challenges’¹, and why experts suggest ageing-related economic growth could add 2% of GDP by 2040².

The North of Tyne is extremely well placed to help accelerate this growth – to benefit the population at large, but also in ways that specifically benefit people, businesses and public services in our region.

We have cutting-edge research within our Universities; blue-chip companies like P&G already translating this into new products; and a health, public services and life sciences sector that is large, globally recognised, and ready to connect new products into service delivery and new revenue streams. Securing the National Innovation Centre for Ageing was recognition of these assets, with a £15m investment from Government testament to both the scale of economic potential, and the specific role that our city and region is poised to play.

The Proposed Focus of our Investment

International evidence consistently shows that translating innovation into lasting growth, jobs and talent is a fundamentally cross-sector endeavour. It requires global quality research, an industrial ecosystem, and the anchoring presence of a public sector that actively wants to convene and invest.³ Much of the necessary

¹ <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges#ageing-society>

² <https://ilcuk.org.uk/neglected-opportunities-of-ageing-could-add-2-to-uk-gdp/>

³ <https://cles.org.uk/wp-content/uploads/2016/10/Lessons-from-the-United-States.pdf> , <https://www.brookings.edu/blog/the-avenue/2020/01/23/how-investments-in-innovation-districts-can-combat-the-countrys-regional-divides/>

ecosystem exists within the region. The NTCA can play a catalytic role at a critical stage of the development cycle.

Our proposed focus as NTCA is on those areas where we see most potential to create jobs, attract talent and build a fast-growing cluster within the region. This is in line with the core objectives of the NTCA and our Devolution Deal, and with the 'health and economy' approach outlined in our recovery plan. More specifically to meet the following priorities:

PROPOSITION 1 - Creating Jobs, Start-ups and Scale-up Opportunities in 'Healthy Ageing' Markets

We want to invest in our capacity to 'accelerate and incubate' – creating an environment in which people with great ideas and new products can create, test and turn these innovations into economic value. We will support the creation of new jobs, new business start-ups, and opportunities to apply world-leading insights to help our businesses to grow and scale.

This is likely to be in areas like age-tech, digital health and new products that support ageing 'by design' (such as in housing and multigenerational living). Age-tech is already a £2trillion industry worldwide.⁴ The multigenerational housing market is likely to triple by 2040.⁵ We know that there is huge demand for innovation across a wide range of age-ready services. Our investment is about creating the conditions for more of these services (and the insight that powers them) to be developed here in the region, and to support jobs, skills and talent that will help our sector grow.

PROPOSITION 2 - Actively Building the Ageing Economy Cluster in the North of Tyne

We want to proactively build a cluster of research, business, industry and ideas – with the right support mechanisms for people to come – and stay – here in this region. This is about creating a virtuous cycle – attracting talent and innovation, which in turn drives new economic value and the potential for further private sector and Government investment.

We are far from starting from scratch – but there is a need for 'anchor' public sector presence to give confidence to the market, and to catalyse activities at an early stage of the investment cycle. We want to do this through supporting financial vehicles that will back new initiatives (and therefore support the creation of new jobs) and also provide the critical aforementioned 'accelerator and incubator' functions that build readiness, capability and support the future 'deal flow' of investible propositions.

Next Steps and Recommendations

Cabinet is asked to agree a set of next steps which support rapid progress towards the goals set out above. We will invite bold proposals that are clear about their 'translational' potential, and thus their impact on new jobs, future growth and the development of our ageing economy cluster in the North of Tyne.

Specifically, Cabinet is asked to:

1. Note the content of this report and endorse the proposed investment case in 'healthy ageing' as an important component of the NTCA investment programme.
2. Agree a headline allocation of £5m from the NTCA Investment Fund, and delegate authority to the Head of Paid Service, in consultation with the Portfolio Holder for Business Competitiveness, the Mayor and Investment Panel, to consider specific investments within this allocation.
3. Invite an approach from the National Innovation Centre for Ageing in line with the approach set out this paper, which would show how it could help achieve the two priorities set out above.

⁴ <https://longevity.technology/agetech-start-ups-uk-market-players/>

⁵ https://www.griclub.org/news/real-estate/uk-multigenerational-housing-market-to-triple-by-2040_833