

North East Local Enterprise Partnership Board

26 January 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
Carol Botten	CEO, VONNE
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
Cllr Martin Gannon	Leader, Gateshead Council
Cllr Amanda Hopgood	Leader, Durham County Council
Dame Norma Redfearn	North Tyneside Council

Apologies

Cllr Kemp	Leader, Newcastle City Council
Mayor Jamie Driscoll	North of Tyne Combined Authority
Cllr Tracey Dixon	Leader, South Tyneside Council
Cllr Graeme Miller	Leader, Sunderland City Council

Kate Medcalf

Officers present

Helen Golightly	Chief Executive, North East LEP
Ray Browning	Programme Manager, North East LEP
Henry Kippin	Managing Director, NTCA (in part)
Patrick Melia	Chief Executive, Sunderland City Council (in part)
Katy Laing	Finance Officer, NTCA
Brenda Joyce	Democratic Services, Newcastle City Council

1 WELCOME FROM THE CHAIR AND APOLOGIES

On behalf of the North East LEP Board, the Chair, Lucy Winskell, formally congratulated Dame Norma Redfern on her DBE and Chris Day on his CBE awarded in the New Year's Honours List.

It was hoped that the meeting after next, in May, could be held in person.

Apologies were received from Cllr Kemp, Mayor Driscoll, Cllr Dixon, Cllr Miller and Kate Medcalf.

The Chair informed members that Erika Leadbeater had tendered her resignation from the Board. On behalf of the Board the Chair thanked her for her contribution and send best wishes. The timing of the resignation was timely as interviews were being held next week and applicants for the Board member vacancies would be considered.

2 **DECLARATIONS OF INTEREST**

Lucy Winskell declared an interest as a Port of Blyth Commissioner.

Mark Thompson declared interests in Bedlington Town Centre, Biosphere 2 and East Pilgrim Street.

3 **MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 24 NOVEMBER**

The minutes of the last meeting held on 24 November 2022 were formally approved.

4 **ANNUAL DELIVERY PLAN - PROGRESS UPDATE**

Helen Golightly presented the standing agenda item on the Annual Delivery Plan. She advised there was still a lot of work happening around each of the elements of the programme – business growth, skills, investment and strategy.

Nothing had changed on the red items since the last time and the North East LEP was still waiting to understand from government what the core funding and growth hub funding was likely to be for 2023/24. It was hoped this would be confirmed in the next few weeks. Other reds were linked to reduced capacity.

The Chair commented that Annual Delivery Plan was as ever a very detailed programme and it was important to keep moving as there was a lot still to do – so business as usual.

5 **FUND MANAGEMENT UPDATE**

This report was 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.

This report provided an update on the outcome of the Skills Bootcamps Wave 4 bid previously reported to the Board in November and an opportunity to bid for additional Wave 3 funds in 2022/23. As the quarter 3 project performance data was still being received and verified, the usual funding programme updates were more limited on this occasion. The Board was being asked to approve funding adjustments that would enable the overall Local Growth Fund programme to conclude by 31 March 2024, helping the North East LEP to meet DLUHC's annual delivery performance requirements in 2023/24. The 2022/23 annual LEP performance assessment by DLUHC was currently underway and this report briefly outlined actions taken in this regard including the refresh of the Assurance Framework. An updated Enterprise Zone (EZ) programme forecast income for

2022/23 was also highlighted. There had been no delegated funding decisions to report since the last Board meeting.

Ray Browning presented the three parts report.

Part A – Funding Programmes – provided updates associated with the Local Growth Fund (LGF), Getting Building Fund (GBF), North East Investment Fund (NEIF) and Enterprise Zone (EZ) programmes. Quarter 3 performance data was currently being collated and would be reported to the next Board in March 2023.

On the Local Growth Fund (LGF) it was clear from the recently published DLUHC annual LEP performance review criteria that the ongoing spending of funds, that they term ‘freedoms and flexibilities, would now also contribute towards an annual North East LEP ‘Delivery’ theme performance assessment in 2022/23 of requirements. Due to this late amendment by DLUHC, it was likely that the review would conclude a ‘*not being met*’ rating. Nothing could be done about this this financial year given the late publication of the criteria by government, but steps would be taken to avoid the same assessment next year, assuming the criteria did not change again.

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

- Cost escalations and supply issues had contributed to the situation but the North East was not unique in this.
- Statistical comparisons with other LEP areas were not available but it was confirmed that construction had been disrupting programmes’ delivery across the country. The North East LEP had actually spent all LGF and GBF money within the designated programme periods; it was the temporary swapped money coming back that had given rise to this assessment.
- With regard to the consequences of a ‘not being met’ rating it was confirmed that there was not any comeback around clawback or process; the rating was particularly disappointing as the criteria was only announced in December. Picking up on delays in the construction industry it was expected that most other LEPs would be in a similar position.

Part B – Funding awards – provided confirmation of £7.4m Skills Bootcamps Wave 4 award from the Department for Education (DfE) and a new opportunity to bid for an extra £210,594.60 for Skills Bootcamps Wave 3 in 2022/23. An update on the outcome of local authority Levelling Up Fund Round 2 bids across the region was included.

Part C - Funding policy issues – provided updates to the North East LEP Assurance Framework refresh; UK Subsidy Control Act, DLUHC annual LEP performance assessment and the outcome of the Levelling UP Fund (LUF) Round 2 bids submitted by North East local authorities.

There would be a further round of £1billion LUF announced in the Spring. It was anticipated that a good proportion of unsuccessful LUP Round 2 bids would be resubmitted for further consideration.

RESOLVED - The Board agreed to:

1. **Approve delegated authority to the Chief Executive and NTCA's Section 73 Officer to enter into an additional grant funding award, subject to DfE approval, of up to £210,594.60 for Skills Bootcamps Wave 3 and to make any necessary amendments to existing delivery contracts.**
2. **Approve internal LEP funding programme adjustments set out in para 2.4-2.9. and summarised in Appendix 1 to help ensure the LGF programme could financially conclude in 2023/24, including the allocation £170,000 from uncommitted LGF balances to existing LEP funding programme approved projects, including £55,945 towards LGF programme management costs in 2023/24.**
3. **Note the amendments highlighted in regard to the North East LEP Assurance Framework in para. 7.5 and the criteria being used by DLUCH to assess the performance of LEPs in 2022/23 in para 7.2 with the outcome of this year's assessment to be reported to the next Board meeting.**
4. **Note the successful outcome of the DfE Skills Bootcamp and allocation of the full £7.4m requested.**

6 **UPDATED 2022/2023 REVENUE BUDGET AND INDICATIVE 2023/2024 BUDGET PAPER**

The purpose of this report was to provide an update to the Board on the North East LEP revenue budget position for the current financial year (2022/23), and to provide an indicative budget for next financial year (2023/24). This report also provided an updated budget position in relation to the Enterprise Zone (EZ) account, and an update on the Local Growth Fund (LGF), the Getting Building Fund (GBF), and the North East Investment Fund (NEIF).

As in previous years, an indicative outturn report for 2022/23 and an indicative budget for 2023/24 was brought to the January LEP Board each year, followed by an updated position about funding and an updated budget position to the May LEP Board each year.

RESOLVED - The Board agreed to:

- i. **Note the positive indicative budget outturn position for 2022/23.**
- ii. **Note the indicative budget for 2023/24, with an update on the 2023/24 budget being reported to the LEP Board in May 2023.**
- iii. **Note the estimated end of year position of the Enterprise Zone account.**

7 **DEVOLUTION UPDATE**

Patrick Melia and Henry Kippin gave a presentation on the Devolution Deal announced on 28 December 2022. The Deal was the result of strong cross-regional working and collaboration and would bring long term investment of £4.2bn>.

The North East Mayoral Combined Authority (CA) would have a LA7 footprint. It would be a CA with an elected Mayor and Cabinet model with decisions made through collaboration, underpinned by cross-party political dialogue and

cross-regional officer support. The election of a Mayor to chair the CA would be held on 6 May in 2024. At midnight on the following Sunday NECA, NTCA, the LEP, Invest North East England and the Joint Transport Committee would cease to exist.

The Cabinets of the LA7 had all approved the 'minded to' deal, a governance review and an eight-week extensive consultation had been launched.

The Chair thanked Patrick and Henry for the excellent presentation and said it was fantastic to be in this position – poised on making this happen – it was a really exciting time.

8 **IMPACT OF THE EU EXIT**

The purpose of this report was to report back on the work that had taken place since 2016. The appendix looked at overall economic growth and also the impact of Covid on top of that. The appendix included findings on International trade, Inward Investment, Replacing European funding programmes, Mitigation and skills supply, Universities, science and innovation and identified six key recommendations.

The report was looking to the Board to acknowledge the work done to date, take on board the research and endorse the future direction of travel in terms of continuing to look at various areas in detail and continue to do the research and data analysis necessary to understand what was happening in the economy.

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

- The impact of EU exit had been an unmitigated disaster for the university sector. The universities were now effectively banned from the all the European research networks that were so important and years of work were now gone.
- Heidi Mottram commented that when she read the report nothing had leapt out as being an unmitigated disaster and asked if that was the message the LEP wanted to land.
- Helen Golightly advised that there was a lot of complexity around some of the data and the implications of Covid.
- The impact of Covid probably masked some of the EU exit impact.
- Section 8 on universities did not say anything about the EU exit being an unmitigated disaster for the sector.
- Chris Day said the universities could produce data pretty quickly to provide more details of the impact on the university sector. Russell Group statements on the impact were already in the public domain.
- The Chair asked that these comments be fed back to Richard Baker and his team.

9 **CHAIR AND CHIEF EXECUTIVE UPDATE**

Noted.

10 **ANY OTHER BUSINESS**

There was some discussion around the value of the Convention of the North. It was felt that this should not be a North networking event but something focussed on investors and businesses so they could see the opportunities in the North and help grow the economy.

Board members were encouraged to provide feedback to the organisers of the Convention of the North.

11 **DATE AND TIME OF NEXT MEETING**

Thursday 23 March 2023 from 5:00 – 7:00pm