

North East Local Enterprise Partnership Board

Item 3 Minutes of the Board meeting held on 27 January 2022

Meeting held via Microsoft Teams

Present		Officers	
Lucy Winskell	Chair, North East LEP	Helen Golightly	CEO, North East LEP
Gillian Hall	Gillian Hall Consulting Limited	Richard Baker	LEP Director of Strategy and Policy
Ammar Mirza	AmmarM (UK) Limited	Nicola Laverick	LEP Programme Manager
Andrew Moffat		Alan Welby	Innovation Director
Heidi Mottram	Northumbrian Water Group	Paul Woods	Finance Officer, NTCA
Mayor Redfern Mayor	North Tyneside Council	Katy Laing	Finance officer, NTCA
Ellen Thinnesen	Sunderland College	Janice Gillespie	S73 Officer, NTCA
Chris Day	Newcastle University	Brenda Joyce	Democratic Services
Carol Botten	VONNE		
Mark Thompson	Ryder Architecture		

1. Welcome from the chair and apologies

The Chair, Lucy Winskell, welcomed everyone to the meeting.

Apologies were received from Kate Wickham, Erika Leadbeater, Cllr Miller, Cllr Dixon, Cllr Wearmouth, Cllr Hopgood, Cllr Forbes, Cllr Gannon and Mayor Driscoll.

Helen Golightly pointed out that the meeting was not quorate and therefore the meeting would need to be followed up by the Written Representation Procedure as set out in the Constitution.

Subsequently email clarification was received on 3 February confirming all members' agreement through the written resolution procedure to confirm the decisions made at Board (as below).

Lucy Winskell placed on record her thanks to Helen Golightly and the Executive Team for a very successful AGM.

2. Declarations of interest

As an employee of Northumbria University, Lucy Winskell declared an interest in two of the Development Pipeline Projects - Northumbria Space Technology Laboratory (C) and Integrated Health and Social Care Facility (C) – as the lead organization for both was the university.

Mark Thompson declared an interest in Netpark, Giants on the Quayside, Bedlington Town Centre, Gateshead Quays, Gilbridge and Biosphere 2.

3. Minutes of the last board meeting held on Thursday 2 December 2021

The minutes of the last meeting held on 2 December 2021 were agreed as a correct record.

Heidi Mottram updated the Board on conversations she had with the seven local authority Leaders, North of Tyne Mayor and seven local authority Chief Executives since the last meeting around the proposed regional approach to collaborating on the net zero agenda. Discussions had been positive based on establishing a similar model to that used for the North East Cultural Partnership. She was speaking to the Leaders again on 7 February for formal consideration, after which the details would need to be worked through.

4. Annual delivery plan progress update

This report provided a summary of the progress against the Annual Delivery Plan 2021/22 and highlighted points to note since the last meeting.

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.

During the discussion on the report the following comments and points were raised:

- The Chair commented that the Annual Delivery Plan was another demonstration of a good positive story.
- The report illustrated that there were ten things complete but 137 still in progress to the year end. This seemed a huge number to complete before the end of the financial year. It was suggested that it perhaps should not be so back-end loaded. Helen Golightly agreed to take this away and bring something back to the next meeting of the Board.
- The Chair and Chief Executive had attended a recent formal annual performance review with colleagues from BEIS. Performance was considered against three criteria – governance, delivery and strategy. This was now assessed with a pass/fail criteria against the three topic areas and the North East LEP had passed all three categories again this year. The meeting tended to be an informal conversation around how the organisation was operating and provided the opportunity to discuss current issues.
- At the meeting the LEP was encouraged to expect the Levelling Up White Paper, but now intelligence suggested it would not be available until mid to late February.
- An extra informal Board meeting to discuss the White Paper and the LEP Review would be useful before the next formal meeting. Devolution was also tied in with this.

Resolved

That the Board noted the contents of the report and Appendix 1.

5. Strategic economic plan - next steps

The Board received an update on the delivery plan setting out the progress against the five Strategic Economic Plan (SEP) programmes and the performance against planned targets since the 2019 refresh.

At its meeting in September 2021, the Board noted that early 2022 was the previously planned time window to update the Strategic Economic Plan (SEP) for the final two-years of the ten-year SEP period (2014-2024). This timeline to update now was driven by the current three-year SEP programmes' delivery period ending in December 2021 and the need to develop the next Annual Delivery Plan for 2022/23 which would include new SEP Programmes' interventions. It was also noted that as the economy moved out of controls, that this would be a good time to reflect on changes triggered by the EU Exit, COVID-19 and other government policy and economic changes to ensure delivery was appropriately targeted.

The Board also noted in September that now would be the right time to start to plan for a strategic regional plan beyond the current SEP (post 2024). This would provide an opportunity to consider not only the range of economic and policy changes which were occurring, but also to look systematically at longer term change in the economy and consider the impact of our research, data and evaluation work.

During the discussion on the report the following comments and points were raised:

- The terminology of 'Knowledge Intensive Services' sounded jargonistic and could apply to all sectors although the rest of the paper was easy to understand. The terminology also suggested that everything else was not knowledge intensive which was demeaning for everyone else taking the economy forward.
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- It was clarified 'Knowledge Intensive Services' was recognised in academia but the definition here was about differentiating between those aspects of the service sector which were not knowledge led or subject to trade and export.
- It was accepted that Members were uncomfortable with the language and this could be looked at. However, as this was a recognised terminology in the LEP/BEIS world it would help to have a bit more of an explanation on page 10 to help stakeholders. The Chair suggested thinking about the audience and what would be acceptable.
- On a formatting issue, page 11 detailed text followed by graphics which repeated the information. It was suggested that the text be removed rather than duplicating throughout.

Resolved - That the Board agreed to:

- Note the contents of this paper and comment on the progress to date and next steps;
- Endorse the draft updated Executive Summary in appendix one noting the proposed structural developments identified in 2.2 above.

6. Funding decisions and 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 was in three parts: Part A set out a position on Enterprise Zone (EZ) surpluses including the expansion of the Inward Investment North East England grant; Part B provided a summary of funding decisions taken under delegation since the last Board meeting; and, Part C provided an update on the Getting Building Fund (GBF), Local Growth Fund (LGF), Project Development Accelerator Fund and the latest on the DLUHC Annual Performance Review of the North East LEP.

Paul Woods advised that an update report had been circulated focusing on one project and included a schedule on the budget and some updated figures on the EZ income.

During the discussion on the report the following comments and points were raised:

- Section 4.2 of Appendix 1 talked about a difference of £36million between prudent assumptions used in the model at the moment and the numbers that the OBR had arrived at.

Resolved - That the Board agreed to:

- To approve the recommendations set out in the EZ Surpluses Report in Appendix 1 that have been endorsed at the Investment Board meeting on 17 January 2022.
 - To note the outcome of the Business Rates' review and the latest forecast position on the BRGI income and Capital Financing in the EZ Financial Model.
 - As a result of the updated cashflow forecasts for the EZ surplus income, the previously agreed in-principle uses of the EZ surplus were fully agreed subject to sufficient actual income levels being available. These were:
 - The Board previously agreed to pay Gateshead Council a performance reward incentive linked to the Follingsby site. It was proposed that the previous indicative figure of £950k per annum was revised following updated forecasts of income levels and discussions with Gateshead Council, with an updated figure being presented to the LEP Board.
 - Up to £10m contribution to the Commercial Property Investment Fund (CPIF), with £5m to be approved now for the first phase of the CPIF.
 - Up to £5m contribution to the North East Inward Investment Grant fund, replacing NEIF funds (that had to be repaid by councils).

- The implementation of three EZ specific incentive options that could use EZ surpluses, discussed in section 5 of this report is placed on hold.
- In the context of the above EZ surpluses report, to approve the recommendations set out in Appendix 2 on the Inward Investment North East Grant to:
 - Increase the Inward Investment North East grant budget from £2m to £7m using EZ Surpluses and to note the revised forecast expenditure and performance targets in Appendix 2.
 - Withdraw the remaining £4.5m NEIF loan fund allocation to the Inward Investment Grant budget.
 - Adopt the operational guidelines as set out in Appendix 1 to Appendix 2.
 - Note the current status of live enquiries and trends set out in Appendix 3 to Appendix 2.
 - Delegate to the Chief Executive, in consultation with the NTCA Monitoring Officer, any operational adjustments that may be required to remain compliant with the UK Subsidy Controls when these are enacted.
 - Receive an annual performance update report.
- Note the positive indicative North East LEP Annual Performance Review assessment in by DLUHC para. 8.1 and receive a verbal update.
- Note the further project grant allocations approved under the Project Development Accelerator Fund in para.4.1 Table 1.
- Note that the GBF budget allocation of £23.5m in 2021/22 remains forecast to be fully spent in year (see para 6.2). Note the updated paper circulated today.

7. Updated 2021/22 revenue budget and indicative 2022/23 revenue budget

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 to the Board on the North East Local Enterprise Partnership (North East LEP) revenue budget position for the current financial year (2021/22), and an indicative budget for the next financial year (2022/23). The report also provided an updated budget position in relation to the Enterprise Zone account, and an update on the Local Growth Fund (LGF), the Getting Building Fund (GBF) and the North East Investment Fund (NEIF).

During the discussion on the report the following comments and points were raised:

- In respect of the recommendation to approve the increase to the percentage of Local Growth Fund (LGF) project management costs from 2.5% to 2.8% over the life of the LGF Scheme, it was clarified that this was driven by some significant projects requiring ongoing project management costs. With £800k of uncommitted balance of LGF had provided headroom to meet the cost.
- The Chair advised that the report had been taken to the NTCA earlier this week with no issues being raised.

Resolved - That the Board agreed to:

- Note the positive Budget outturn position for 2021/22.
- Note the indicative Budget for 2022/23, with an update on the 2022/23 Budget being reported to the LEP Board in May along with a three-year estimate.
- Approve the increase to the percentage of Local Growth Fund (LGF) project management costs from 2.5% to 2.8% over the life of the LGF Scheme.
- Note the estimated end of year position of the Enterprise Zone account, which would be updated when income projections were received from all councils.

8. Innovation project pipeline 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. A new call to refresh the project pipeline was launched in Summer 2021. In response to the call 51 project expressions of interest were received from a variety of organisations across the region. These projects were evaluated by the North East

LEP to form a draft pipeline which was reviewed by an external panel (including representatives from both combined authorities) and Local Authority Economic Directors. The proposed innovation pipeline had been endorsed by the Innovation Board.

Of the 51 projects received, 30 were capital projects, 20 of which had a revenue element, with a combined public funding need of £861.5 million, and the remaining 21 projects were revenue projects with a public funding need of £17.6 million.

Projects were put forward by sector organisations, education institutions, private companies and local authorities across all seven of the local authority areas. The projects were representative of the advanced manufacturing, digital, energy and health and life sciences sectors, with skills and business growth projects also included in the mix.

All 51 Expressions of Interest (EoIs) had been subject to a thorough, multi-stage evaluation process. Firstly, evaluated independently by two members of the North East LEP team, one being a member of the Innovation Team and the second being a member of another programme or the Sector Team depending on the focus of the project

The Innovation Pipeline was intended to be fluid and consequently projects could shift up or down over time according to how they developed, and new projects could also enter the pipeline as they emerged.

During the discussion on the report the following comments and points were raised:

- The Chair of the Innovation Board thanked the team for the amount of work that had gone into this. It was really useful that there were now some private sector organisations participating and she was very pleased with the outcome of this particular call.
- The Chair of the Board commented that this was a helpful, clear and informative paper.
- On emerging markets, seven market areas had been identified. The findings would go to the sub-boards in advance of coming to the next full Board meeting. There would be a suite of reports and this was a really importance piece of work.

Resolved - That the Board agreed to:

- Note the approach to identifying and evaluating innovation projects
- Review and endorse the proposed innovation pipeline
- Review and endorse the proposed approach to ongoing engagement with the projects

9. Chair and chief executive update

Noted.

10. Any other business

The Chair said she hoped that an additional informal meeting of the Board could be convened on the publication of the Levelling Up White Paper and it would also be good to get a steer on the current devolution discussions.

Mayor Redfern advised that there had been a discussion last week and there was an agreement that this would be moved forward. There was a presentation with the Leaders and Mayors scheduled for 31 January on the current position and the ask of government.

11. Date and time of next meeting

Thursday 17 March 2021 from 5:00 – 7:00pm
