



Leadership Board

Tuesday, 15th November 2016 at 2.00 pm

Meeting to be held in a Committee Room, County Hall, Durham, DH1 5UQ

www.northeastca.gov.uk

SUPPLEMENTAL AGENDA 1

Page No

5 (a) Economic Development and Regeneration

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To All Members

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North East Combined Authority

Leadership Board

Date: 15 November 2016

Subject: Economic Development and Regeneration Theme Update

Report of: Economic Development and Regeneration Thematic Lead

Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

Recommendations

The Leadership Board is recommended to receive this report for information.

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1 Background Information

1.1 This report provides an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

1.2 The Leadership Board is recommended to receive the update for information.

2.0 Inward Investment

2.1 Inward Investment 2016/17 (Quarter 1) Successes

In Quarter 1 (April-June), in total there were 16 inward investments into the NECA area which will lead to the creation of 2,435 jobs. These were made up of :

a) Foreign Direct Investment

There were ten investments leading to the creation of 880 new jobs.

Investors included:

- Teleperformance (Call centre outsourcer)
- Accenture (Software ICT)
- Janus international (Manufacturing)
- Unipress (Automotive)

b) Investments by UK-owned Companies from Outside of the Region

There were six investments leading to the creation of 1,555 jobs.

Companies announcing investments included:

- ResQ (Contact Centre)
- Estover Energy (Energy)
- Fermeda (Life Sciences)

Successes in Quarter 2 (July-September) are currently being compiled. One major success confirmed in this quarter is Convergys who have taken occupation of 'the Rocket' in Newcastle's Stephenson Quarter, creating 600 jobs.

2.2 Enquiries

There continues to be significantly fewer enquiries coming through to the Invest North East England (INEE) Team than last year. This is mainly down

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to fewer enquiries from UKTI (INEE are the single point of contact for new enquiries from UKTI in the NECA area). The impact of Brexit is one possible cause of this. INEE is working closely with UKTI to gain a better understanding of what is happening and to ensure that enquiry levels recover in the second half of 2016/17.

Current enquiries on the INEE pipeline include both UK and foreign owned enquiries in a number of sectors from Life sciences (R+D), software, contact centres, and advanced manufacturing.

2.3 Invest North East England Website

One way in which the INEE team is planning to increase the size and quality of its investment enquiry pipeline is by becoming a proactive service, actively generating new investment enquiries. A key element of this new approach is the launch of the new INEE website, which launched at the end of October 2016.

To complement the website launch, an associated social media campaign is taking place, aimed at generating enquiries from key sectors. New investment leads are also to be sourced through lead generation contracts in key markets. In the first instance UK and overseas companies based in London will be targeted.

2.4 MIPIIM UK

INEE had a coordinated stand presence at the UK's largest property investment event, MIPIIM UK, which was held in London on 19-21 October. Six private sector partner sponsors attended from the North East along with representatives from NECA's constituent local authorities. As part of the event, there was a business showcase event held with a private/public sector panel discussing key recent property deals and new opportunities available to investors in North East England.

2.5 Economic Development and Regeneration Inward Investment Workshop – 26 July 2016

Building on the discussion and presentations at the EDRAB meeting in March and a 'UKTI Summit' on the development of the Northern Powerhouse in April, an Inward Investment Workshop took place on 26th July 2016.

Alongside EDRAB members (supported by economic development officers from each local authority), UKTI and private sector representatives took part in the workshop.

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A debate took place on the future of Inward Investment services and activity in the NECA area. Presentations were received from UKTI and Pricewaterhouse Coopers, property development sector representatives and the Director of Invest North East England.

The Deputy Director of Global Operations for UKTI updated the group on the changes to UKTI including the new dedicated, north-focused team. It was stressed that 'co-delivery' with partners is key in the climate of limited resources. PWC had been commissioned by UKTI to undertake work on the development of the Northern Powerhouse and it was outlined that this would involve an online survey to gather factual evidence over the summer to understand where opportunities exist, followed up with face to face interviews with key stakeholders. The report is expected by the end of the year.

Adam Serfontein, the Managing Director of Hanro Group and Chair of Developing Consensus, along with other private sector colleagues (Tim Evans from Knight Frank and Michelle Percy from Clouston Group), provided perspectives on investing in the North East. They identified some of the experiences of investors and the private/property sector. Discussion focused on the need to promote the region coherently 'at the point of entry' and to better understand the benefits to all of each single investment. A call was made for more resource into the Invest North East team and an offer was made for the private sector to input funding to grow the team if matched by local authority funding.

The workshop concluded with a presentation from the Director of Invest North East England focusing on the issues in attracting investment to the North East, specifically the organisation of local capacity and resources. The group discussed how best to target these.

The Director of INEE is preparing an options paper that will outline a range of delivery models that will include how the private sector can engage more and the future resource implications

3.0 Regional Investment Plan / Project Pipeline

The Economic Development and Regeneration theme has the lead responsibility for coordinating efforts to enhance the region's important economic assets and to develop new ones that will promote growth.

A pipeline of both employment sites and housing sites has been developed to underpin this approach. The sites identified illustrate a brief overview, type of investment, planned output/outcomes, whether or not public investment is

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required, delivery timescales, planning status and barriers to development. This pipeline informed the North East Local Enterprise Partnerships (NELEP) submission to round 3 of the Local Growth Fund.

The NELEP has advised that the programme bid submitted has been considered by civil servants and assessed alongside the other LEP bids. There are many positive factors that the NELEP should stress at every opportunity with Government ahead of the autumn statement. NECA needs to emphasise the qualities and relevance of our project pipeline and investment plans:

- Our strong evidence base
- Inclusive approach and good level of partnership working and collaboration
- Relatively good delivery performance to date on Growth Deal 1 and 2.

Given that the North East devolution deal is not progressing at this time, the Government have advised that the North East can no longer have a Local Growth Deal 3 programme with devolved funding. Instead the North East LEP was requested to submit its LGF3 prioritised list of projects to Government for consideration, this was done at the end of October following engagement with NECA and other key partners.

4.0 North East Strategic Economic Plan

Background

The North East LEP and NECA agreed to a refresh of the SEP to respond to

- National and regional economic performance and issues
- Progress, and experience of delivery plan
- Changing policy environment since the Election
 - National and European policy changes
 - Devolution
 - The North

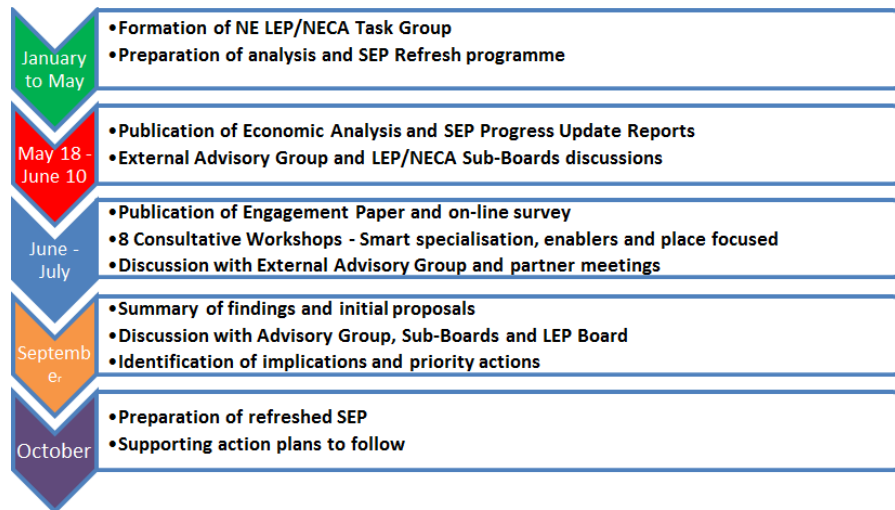
The aim has been to produce a new, forward looking document on a timetable aligned with agreement of the devolution deal, with strong continuity from the leading ambitions of the Adonis Review and the 2014 SEP, but which updates and communicates clearly to the above developments.

Process

The process to date is set out in the chart below:

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Engagement

As per the timeline, engagement has been phased and includes:

- Discussion of the economic analysis and progress review with the Task Group, Advisory Group and sub-Boards to identify key issues and questions
- Stakeholder engagement through different channels
- Feedback of emerging comments and findings to the Task Group, Advisory Group and sub-Boards

A summary of deliverables through the process includes:

- 3 Documents published
(See - <http://www.nelep.co.uk/whatwedo/refreshing-the-strategic-economic-plan/>)
- 8 high level Engagement events focused on future approaches to four smart specialisation areas, 3 key enablers and on an agenda around 'place'
- Regular meetings of the Task Group
- 2 Advisory Groups to date
- Range of partner meetings
 - eg EEF, TUC, Culture Partnership, Durham Economic Partnership
- 2 rounds of engagement with LEP Sub-Boards, NECA Planning Leads, Employability Leads
- Discussion with Transport Team
- Range of written responses

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- 40 on-line survey responses

Feedback

Feedback from the engagement process has provided a significant steer in a number of areas:

- Smart specialisation areas and key enablers:
 - Future market trends impacting on these key areas of the North East economy
 - The position of the North East in these markets
 - Must do's to support business growth in these areas
 - Longer term visions
- Place
 - Input about priorities for place development linked to innovation, infrastructure, transport, and wider planning issues
- Structure and role of the SEP and general programme actions in areas including economic evidence and communications

A slide pack is available which summarises this input.

Structure of the SEP going forward

Having received this input, the Task Group have proposed that the refreshed SEP document should be positioned as a shorter document which communicates clearly about the North East economy and ambitions, and seeks to differentiate and connect to opportunities in the context of Industrial Strategy. It should be supported by, and linked to, other key documents and process in the region.

The overall structure is envisaged as including the following:

- Chair/leaders introduction and positioning statement
- Background statement – history, SEP 2014 ambitions, Refresh rationale
- Short summary of 2014 progress emphasising delivery
- Summary of economic analysis leading to key directions
- Spatial narrative – emphasising assets, linkages and economic change, supported by mapping
- Key differentiating sections - focused around key opportunity areas, enablers and place including NE capability narrative and proposed group of interventions – build on LGF bid approach
- Programme delivery sections – with priorities for the 6 programmes showing continuity from 2014 SEP, additional priorities and links to other processes eg Transport Strategy, ABR, Duty to co-operate

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- Evaluation plan
- Accountability, roles and communications

5 Potential Impact on Objectives

- 5.1 The report sets out issues that will support the Authority in meeting its objectives.

6 Finance and Other Resources

- 6.1 There are no additional financial implications arising directly from this report.

7 Legal

- 7.1 There are no specific legal implications arising from this report.

8 Other Considerations

8.1 Consultation/Community Engagement

There are no issues arising from this report for consultation.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

8.4 Risk Management

There are no specific risk management implications arising from this report.

8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

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9 Background Documents

9.1 North East Strategic Economic Plan – More and Better Jobs

10 Links to plans in the Policy Framework

10.1 This report links to the Strategic Economic Plan and other plans in the Policy Framework.

11 Contact Officers

11.1 John Scott, Corporate Lead – Business, Employment and Skills.
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12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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