

North East Local Enterprise Partnership Board

19 May 2022

Meeting held via Microsoft Teams

Present

Lucy Winskell	Chair, North East LEP
Gillian Hall	Gillian Hall Consulting Limited
Ammar Mirza	AmmarM (UK) Limited
Andrew Moffat	
Heidi Mottram	Northumbrian Water Group
Carol Botten	VONNE
Ellen Thinnesen	Education Partnership North East
Cllr Gannon	Gateshead MBC
Cllr Dixon	South Tyneside Council
Cllr Miller	Sunderland City Council
Cllr Wearmouth	Northumberland County Council
Mark Thompson	Ryder Architecture
Kate Medcalf	
Chris Day	Newcastle University

Apologies

Mayor Driscoll	North of Tyne Combined Authority
Cllr Hopgood	Durham County Council
Mayor Redfearn	North Tyneside Council
Erika Leadbeater	TSG Marine

Officers

Helen Golightly	CEO, North East LEP
Richard Baker	LEP Strategy and Policy Director
Paul Woods	Finance Officer, NTCA
Katy Laing	Finance officer, NTCA
John Softly	Interim Monitoring Officer, NTCA
Brenda Joyce	Democratic Services

1 WELCOME FROM THE CHAIR AND APOLOGIES

The Chair, Lucy Winskell, welcomed everyone to the meeting and went on to say she was pleased to have Kate Medcalf back following maternity leave.

Apologies were received from Councillors Hopgood, Mayor Redfearn, Mayor Driscoll and Erika Leadbeater.

2 DECLARATIONS OF INTEREST

Declarations of interest were already a matter of record.

Part One - Annual General Meeting

3 LEP REVIEW OUTCOME

Following several verbal updates at previous Board meetings on the North East LEP's contribution to the national review of LEPs and on government's progress with the review, a letter from government was received on 31 March setting out the future role and remit for LEPs. The letter provided helpful clarity after a year of uncertainty, providing a clear mandate.

There were two strategic considerations. Firstly, all 38 LEPs are in a period of transition and in one of three pathways, working towards integrating LEPs either into a Mayoral Combined Authority or into a County Deal structure. There was recognition by government officials that it could take several years to achieve full devolution and integration of all 38 LEPs.

Government have confirmed that the North East LEP is on pathway three and would progress to pathway two once/if a further devolution deal had been agreed. Pathway three was where a devolution deal had not yet been agreed and where LEP geographies did not match mayoral combined authority areas.

As discussed at the last Board meeting, the region's political leaders and mayors were progressing discussions with government around further devolution to the region, which the LEP was very supportive of. The LEP have offered the executive team's experience and expertise to not only inform the devolution plans, but also to help shape them and bring the business voice to the table.

The executive team was fully briefed that the LEP would transition into a local institution in the future.

The budget implications were also critical to deliver the aims of the North East Strategic Economic Plan (SEP). The two allocated funding streams to deliver this agenda had been reduced for 2022/23. Firstly, Growth Hub funding had been reduced by 50% from £700k to £350k and secondly LEP core funding had been reduced from £500k to £375k. This meant less funding than in previous years at a time when there was also a reduction in some of the operational funding from the investment programmes as they approached the final stages of delivery.

In line with the revised mandate and reduced level of funding from government, an internal strategic review of delivery and teams had been undertaken by the Chief Executive and the Chair. The key considerations were to evolve the organisation to:

- Deliver effectively on the expected future roles of LEPs set out by Government within the funding envelope available.
- Deliver successfully on all of the current contractual commitments.
- Continue to lead the region's delivery of the ten-year regional Strategic Economic Plan up to 2024.
- Streamline management lines to strengthen accountability and delivery.
- Be a sustainable model for transition into the local democratic institution.

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

- In response to where the LEP would be in terms of local skills improvement plans, it was confirmed that correspondence to date had reaffirmed the

position in terms of the Skills Advisory Panel within LEPs. In terms of the overall regional positioning and governance around the wider skills agenda, the LEP would continue to work with partners and key stakeholders on that overall agenda. To that end, the local skills improvement plans must come under that umbrella and the Chambers of Commerce had been asked to lead on some of those. The LEP still had a strong leadership position in terms of the overall regional skills agenda.

- The Chair wished the elected members well in their ongoing discussions to get the best outcomes for the region in their devolution discussions with government.

RESOLVED – That the Board noted the outcome and implications of the North East LEP Review.

4 **LOOKING FORWARD 2022/2023 - ANNUAL DELIVERY PLAN**

At the North East LEP Board on the 17 March 2022, progress against the deliverables we set in the Annual Delivery Plan for 2021/22 was reported.

This report looked ahead setting out the planned delivery for 2022/23. Whilst continuing to adopt a flexible approach this year, the plan also took into consideration the letter received by LEPs on the 31 March 2022 from government, entitled *'Integrating Local Enterprise Partnerships into local democratic institutions'*. The Annual Delivery Plan for 2022/23 was based around the functions described by government for LEPs in that letter, which were to:

- Be the voice of business
- Undertake strategic economic planning
- Improve skills
- Grow businesses
- Manage funds

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

- The Annual Delivery Plan would be updated with the outstanding 2021/22 Q4 return details.
- It was pointed out that a couple of business groups would need to be set up with the right and appropriate representation from across the region focussing on tech strategy and advanced manufacturing strategy, and get clarity on the function of the groups.
- Colin Bell was looking at this in terms of the Business Growth Board and sub boards and developing Terms of References. Ammar would probably pick this up as the Chair of the Business Growth Board before individuals were approached.
- Ammar stated the key thing to note on this was not to restart anything and lose any good will and understanding that existed with so many people contributing to where the region was now. However, it was right to do a refresh and an update on future focus and future ways of working.
- It was disappointing that the letter from government, which had fed into this delivery plan, lacked any mention of innovation in its purest sense. Gillian

Hall highlighted that the work on Innovation Delivery Partnerships and some of the strategic innovation thinking should not be lost. The work done by the Innovation Board, the universities and the wider innovation communities was a real asset, but again, there remained the desire not to lose the good will of those who had participated so far.

- The Chair commented that innovation needed to be embedded in *all* work areas and agreed that there were other stakeholders that had to be kept engaged to retain their support.

RESOLVED – That the Board:

- (i) **Agreed the draft Annual Delivery Plan for 2022-2023 and delegated authority to the Chief Executive to sign off minor amendments if required;**
- (ii) **Noted that updates on progress would be presented to the Board at each meeting.**

5 LEP BUDGET - FINANCIAL OUTTURN 2021/2022 AND UPDATE ON 2022/23 AND 2023/24 BUDGET ESTIMATES

The purpose of this report was to provide an update to the Board on the final outturn revenue budget position for 2021/22, including the performance on the Enterprise Zone account, Local Growth Fund (LGF), Getting Building Fund (GBF) and the North-East Investment Fund (NEIF). A small revenue surplus of £0.088m was generated on the LEP's core revenue budget.

This report also provided the Board with an update on the current budget position for financial years 2022/23 and 2023/24. The budget estimates for 2022/23 and 2023/24 reflected the outcome from the recent LEP Review which announced a reduced level of LEP Core Funding from £0.500m to £0.375m and a reduction in Growth Hub Funding from £0.780m to £0.390m. It also showed reduced funding from both LGF and GBF as the programmes were tapered towards their close.

Gross Expenditure at the end of the 2021/22 financial year was £0.530m lower than the Revised Budget for the year reported to January 2022 LEP Board.

The 2021/22 outturn position reflected gross income of £7.367m reflecting a reduction in funding of ££0.725m compared to the revised budget position reported in January.

The North East LEP revenue balance as at 31 March 2022 had increased by £0.088m over the year to £0.702m.

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

- In terms of the employee costs it was confirmed that the staffing efficiencies would have been achieved by the removal of vacant posts.
- The Chair commented that redundancy figures might have to be revisited as the consultation process was still ongoing.

RESOLVED - That the board:

- i. **Noted the positive budget outturn position for 2021/22.**
- ii. **Approved the 2022/23 budget.**
- iii. **Noted the indicative 2023/24 budget illustrations.**

6 GOVERNANCE UPDATE

This annual update set out whether there were any proposed changes to governance matters. The paper covered:

- The North East LEP Constitution
- The Scheme of Delegation
- Board membership
- Dates for Board meetings to July 2023

It was confirmed that there were no changes to the Constitution of the Scheme of Delegation approved at Board in May 2021.

Regarding public sector Board membership both Combined Authorities had been approached for nominees for 2022-2023; these would be confirmed at the annual meetings and brought back to this Board.

Following the discussion at the last meeting around recruitment of private sector members, there were some currently coming up to their end of term; there was also one vacancy. With the clarity provided from the LEP Review the recruitment process would move forward. It was suggested that the nominations committee be comprised of the Chair and the three Vice Chairs to ensure both public and private representation.

The recruitment pack/advertisement etc. would be shared by email with Board Members for comment before it went public. It was hoped to move to this position fairly swiftly.

Regarding future meeting dates, Mayor Redfern had advised she could not make two of the six proposed dates but the Board confirmed that the proposed dates should be approved.

The Chair suggested that Board Members may have a view on who they would like to apply. It was also suggested that people could be invited to join for a shorter term whilst waiting to see if a greater devolution deal happened and the timetable etc.

As the Diversity Champion on the LEP Board Carol Botton suggested looking at the diversity make up of the Board and any particular characteristics of people that should be encouraged to come forward, not just ethnically but also by class and diversity of thinking.

RESOLVED – That the Board:

- (i) **Noted there were no proposed changes to the Constitution or to the Scheme of Delegation.**
- (ii) **Noted that the public sector nominations for the LEP Board and sub-boards would be confirmed by each Combined Authority ahead of the next LEP Board in July.**
- (iii) **Agreed the process outlined in paragraph 4.5 to recruit new Board members to the vacant private sector member positions.**

Part Two - LEP Business items

7 MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 17 MARCH 2022

The minutes of the last meeting on 17 March 2022 were approved as a correct record.

8 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.

There were no project funding decisions required at this Board meeting. This report is in two parts:

Part A provided a summary on two funding decisions taken under delegation since the last Board meeting relating to the Green Skills Bootcamp and Made Smarter schemes.

Part B provided a funding programme round up at the end of 2021/22 for the Local Growth Fund (LGF), 'Getting Building Fund' (GBF) and Project Development Accelerator Fund (PDAF). A detailed report was attached in Appendix 4 providing an update and review on the latest EZ infrastructure costs, business rates income and forecast EZ account balances.

The report also highlighted the significant change to GBF programme with the withdrawal of the Aykley Heads Office Development, Durham project. To mitigate against the potential GBF grant payback to DLUHC it recommended to the Board that:

- a) £2,965,910 of the £6m grant allocation be treated as LEP NEIF matched resource; allowing this to be released from the GBF programme and become available for reallocation with project proposals coming back to the Board later this year.
- b) To re-use the uncommitted GBF balance of £3,034,090, subject to DLUHC written approval, against two existing GBF programme supported Enterprise Zone investments, displacing £1,900,000 of EZ funding at Tyne Dock, South Tyneside and £1,134,090 at NEP 1, Blyth Estuary, in Northumberland.

RESOLVED – That Board:

- i) **Noted the funding decisions taken under delegation in Part A, set out in Table 1.**
- ii) **Noted the end of 2021-22 financial position on the LGF, GBF and PDAF funding programmes.**
- iii) **Agreed to receive a presentation at the next Board on progress with investment plans on the International Advanced Manufacturing Park (IAMP) in Sunderland /South Tyneside.**
- iv) **Approved the approach set out in para 4.8 in response Durham County Council’s re-purposing of the Aykley Heads, Durham GBF project, to mitigate against the potential loss of £6m in GBF funds to the region.**
- v) **To consider the annual 2021/22 EZ Programme Update Report including the latest EZ Model set out for information in Appendix 4**

9 **ECONOMIC ROUNDUP**

The North East LEP was the ‘go to’ organisation for a wide range of economic data and intelligence on the North East economy, and committed to ongoing development and dissemination of economic data sources and intelligence to help support informed discussion and decision making in the region.

The LEP discussed, co-ordinated and reviewed this information in a number of formal platforms including North East LEP sub-boards and the LEP-led regional North East Economic Evidence Forum, and also in more informal groups such as the North East Economic Prospects Group, Trade Steering Group and EU Exit Implementation Group.

Our Economy, the annual state of the region report reviewed approximately 200 data indicators on an annual rolling cycle, and provided an opportunity for ‘deep-dive’ review into a key thematic area was widely acknowledged. The **North East Evidence Hub** continued to develop as an open-source platform for key economic data, and provided access to a range of research and intelligence findings.

These outputs continued to invite ongoing comment from the Board and sub-boards. Building on the innovative approach to evidence and intelligence during Covid 19, the LEP was now in a position to review a wider range of data and intelligence sources, looking at trends and sentiment which underpinned headline data to give a more rounded view of the North East economy.

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

- The Chair commented that this was a very helpful report and that colleagues at the CBI, Chamber, FSB etc. would find it interesting. These were very odd times and there was the conundrum about the imbalance between vacancies and the unemployed and also the economically inactive. It would be important for colleagues to have sight of the report as often as it could be produced.

- Board Members were encouraged to take a look at the new North East Evidence Hub; it was a great resource for the region and really helpful.

RESOLVED – That the Board agreed to:

- (iii) **Note and discuss this data and the issues raised in the report**
- (iv) **Comment about whether a regular digest would be helpful in helping the Board monitor the overall development of our economy**
- (v) **Note that further information was available on the [North East Evidence Hub](#)**

10 COMMUNICATIONS UPDATE

The Communications Update provided highlights from the past two months and a summary of the content that the LEP had issued to support projects and initiatives as well as strategic announcements and activity during March and April 2022.

The Chair thanked the Communications Team for briefing her for various things that she had been involved with, such as the North East Battery Alliance.

11 CHAIR AND CHIEF EXECUTIVE UPDATE

Noted for information.

12 ANY OTHER BUSINESS

On behalf of Board Members, the Chair thanked Andrew Moffatt for his contribution to the LEP Board and for his leadership of the Investment Board. She went on to say she had particularly enjoyed the times she had been able to join meetings of the Investment Board where she had further witnessed his attention to detail and the 'heavy lifting' that he did personally. Andrew had got the best from the officer team and continually delivered the best for businesses. His contribution had been outstanding.

In reply, Andrew thanked the Chair for her kind words and thanked colleagues on this call. He said it would be great to get together in person sometime and thanked the Chair and the Executive Team for their support.

13 DATE AND TIME OF NEXT MEETING

Thursday 21 July 2022 from 5:00 – 7:00pm