

# North East Local Enterprise Partnership Board



Thursday 19 May 2022

17.00 – 19.00

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)

2. **Declarations of interest** (5.00pm)

### Part One – Annual General Meeting

3. **LEP Review outcome** – paper attached (5.10pm)  
Helen Golightly to present to the Board.

4. **Looking forward 2022/2023 – Annual Delivery Plan** - paper attached (5.30pm)  
Helen Golightly to present to the Board.

5. **LEP Budget – Financial outturn 2021/2022 and update on 2022/23 and 2023/24 budget estimates** – paper attached (6.10pm)  
Katy Laing to present to the Board

6. **Governance update** – paper attached (5.50pm)  
Helen Golightly to present to the Board.

### Part Two – LEP Business items

7. **Minutes of the last Board meeting held on Thursday 17 March 2022** (5.05pm)  
Board will be asked to agree the Minutes.

8. **Funding decisions and update** - **confidential** paper attached (5.55pm)  
Paul Woods to present to the Board

9. **Economic roundup** – paper attached (6.25pm)  
Richard Baker to present to the Board

10. **Communications Update** – paper attached (6.45pm)  
Helen Golightly to update the Board

11. **Chair and Chief Executive update** - paper attached (6.50pm)  
Lucy Winskell and Helen Golightly to update the Board.

12. **Any Other Business** (6.55pm)

13. **Date and time of next meeting - Thursday 21 July 2022 from 5 - 7pm**

**19 May 2022**

**ITEM 3: LEP Review Outcome**

**1.0 Background**

1.1 Following several verbal updates at previous Board meetings on our contribution to the national review of LEPs and on government's progress with the review, we received a letter from government on 31 March setting out the future role and remit for LEPs. The letter (appended for ease) provided helpful clarity after a year of uncertainty, giving us a clear mandate.

**2.0 Strategic implications**

2.1 There are two strategic considerations.

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

1. Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal;
2. Maintaining LEPs until a devolution deal is agreed; or
3. Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding.

Government have confirmed that the North East LEP is on pathway three and will progress to pathway two once/if a further devolution deal has been agreed.

Pathway three is where a devolution deal has not yet been agreed and where LEP geographies do not match mayoral combined authority areas. As discussed at the last Board meeting, the region's political leaders and mayors are progressing discussions with government around further devolution to the region, which the LEP is very supportive of. The LEP has offered our 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 letter from government is clear that the business voice should be integral to informing the development of devolution deals.

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

2.1 Secondly, the letter states that the role for all LEPs is to:

- a) *“Embed a strong, independent and diverse local business voice into local*

*democratic institutions.*

- b) *Carry out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths. This should involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors, aligned to the relevant levelling up missions. The nature of this role will depend on individual LEPs' integration pathway. Across all pathways, LEPs, or local democratic institutions where LEP functions and roles have been integrated, should continue to use their convening power to bring together business, education and other local economic stakeholders.*
- c) *Continue to deliver a number of functions on behalf of government departments, shaped by the local business voice where relevant. Future programme and funding decisions will be taken by each respective department according to their own decision-making and business planning processes, priorities and timescales. Government expects to continue to engage with LEPs, or begin to engage with the respective local democratic institution once LEP functions have been integrated, on the delivery of:*
- *Growth Hubs, on behalf of the Department for Business, Energy and Industrial Strategy*
  - *International trade and investment activity, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade*
  - *Local Digital Skills Partnerships, on behalf of the Department for Digital, Culture, Media and Sport*
  - *Careers Hubs, on behalf of the Department for Education*
  - *Local skills analysis via Skills Advisory Panels, on behalf of the Department for Education*
  - *Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible.*
- d) *Where appropriate, LEP business boards can help broker and support new or deeper devolution deals, where requested by local partners. New or deeper devolution deals will not need to be signed off by LEPs."*

2.2 LEPs will continue to support the development of strategic economic plans for our elected politicians to determine, as well as providing the evidence to shape and inform those plans.

The North East Strategic Economic Plan (SEP) has been our beacon since 2014, and we are fully committed to ensure that everything that has helped shape, inform and deliver huge economic benefit for the region is incorporated into the future planning framework. Our role in carrying out strategic planning is to provide and translate a robust evidence base, and to feed the SEP priorities into devolution deals, all the while, ensuring the voice of business helps to inform the regional decision making.

### **3.0 Budget implications**

3.1 To deliver this agenda we have allocated two funding streams which have been

reduced for 2022/23. Firstly, Growth Hub funding has been reduced by 50% from £700k to £350k and secondly LEP core funding has been reduced from £500k to £375k. This means we have less funding available to us during 2022/23 than we have had in previous years. This is at a time when we also have a reduction in some of our operational funding from our investment programmes as we approach the final stages of their delivery.

#### **4.0 Executive operations**

4.1 In line with the revised mandate and reduced level of funding from government, an internal strategic review of delivery and teams has taken place 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 to us.
- 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.

In addition, vacant roles have been prioritised for deletion.

The consultation on the proposal is underway.

#### **5.0 Recommendation**

5.1 The Board is asked to note the outcome and implications of the LEP Review.



Department for Levelling Up,  
Housing & Communities

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31 March 2022

## **Integrating Local Enterprise Partnerships into local democratic institutions**

Dear LEP Chairs, combined authority mayors and the Mayor of London,

Ahead of the publication of the landmark Levelling Up White Paper, we were pleased to speak with all Local Enterprise Partnerships (LEPs). We thanked them for the invaluable contribution they make to their local economies. As the White Paper makes clear, the private sector which LEPs represent will be critical to levelling up. To maintain the integrity of this independent voice, the White Paper sets in motion some changes to the roles and functions of LEPs to ensure local areas are in the best possible position to deliver our shared levelling up objectives over the longer term.

The update in the White Paper, and this letter, concludes the LEP review. We acknowledge the review has caused considerable uncertainty over the last year for LEPs and their staff. We would like to thank all local partners for their patience and support as we developed and agreed our policy on the future of LEPs.

We were pleased to set out our guiding vision in the White Paper of more integrated, better aligned and empowered local institutions with the tools they need to unlock economic growth and level up at a local level.

In some areas, LEPs already enjoy a close, collaborative relationship with combined authorities. In others, LEPs retain a high level of independence. Our priority in the recent LEP review has been to balance the accountability of local growth institutions, our objectives on devolution and the need to retain a local, independent, business voice. Within that context the White Paper set out our expectations of even closer integration between LEPs and local democratic institutions. The enclosed guidance sets out further detail on how, when and where we expect that transition to occur.

We want to ensure that businesses outside of devolution areas continue to be able to access the support, insights and representation that LEPs provide, and to ensure that an independent business and stakeholder voice continues to play its vital role supporting growth in all parts of England. Until devolved institutions exist in an area, we will support LEPs as they are currently constituted, subject to future funding decisions.

To provide clarity and certainty to LEPs and local democratic institutions, we can confirm core/transition funding will continue at a rate of £375,000 per LEP for financial year 2022/23, reflecting their revised role and functions and subject to business case approvals.

We encourage you to review this letter and its accompanying guidance (overleaf) in detail. It confirms that we will work with all LEPs, (mayoral) combined authorities, the Greater London Authority, local authorities, the LEP Network, and other local partners to manage as smooth a transition as possible. Where LEP functions and roles are to be integrated, we will invite places to submit an 'integration plan' for development and submission to government by 29 July 2022 or, where more time is needed, by 27 January 2023.

We look forward to working with all of you over the coming months.



**NEIL O'BRIEN**

Minister for Levelling Up, the Union and Constitution



**PAUL SCULLY**

Minister for Small Business, Consumers and Labour Markets, and Minister for London

Cc: Local authority leaders and chief executives; LEP chief executives; combined authority chief executives; and the chief executive of the Greater London Authority.

# Guidance on integrating Local Enterprise Partnerships into local democratic institutions

1. Local Enterprise Partnerships (LEPs) have played a valuable role in supporting local economic growth since their inception in 2011. LEPs have brought businesses, education and local government together, delivered large capital investment schemes, provided vital support to businesses during COVID-19, hosted impactful programmes on behalf of government departments and developed economic strategies for their areas. Government values the contribution LEPs have made and continue to make to their local economies. We thank them and their staff for their hard work to date.
2. The publication of the Levelling Up White Paper marks a turning point for local growth policy. It set out a series of ambitious missions to level up by, for example, increasing pay, employment, skills and productivity, ensuring every area has a globally competitive city, and offering every part of England a devolution deal that wants one within the new devolution framework. The missions will be cross-government, cross-society efforts, and it will be vital that the private sector plays a role in delivering against them. We recognise the strategic value of involving business leaders and other stakeholders in local decision-making, and of locally-led economic strategies covering functional economic areas. To this end, we will be re-wiring the system to ensure it is fit for purpose, including by integrating the functions and roles of LEPs into our plans for devolution.
3. This letter builds on the White Paper and LEP review and outlines government's plans for the evolution of LEPs. We are grateful to the extensive range of local partners who took part in the review and thank them for their patience as we reflected on its findings. This letter marks the beginning of the transition of LEPs' functions and roles into local democratic institutions. It sets out the principles of future LEP policy but allows some flexibility to accommodate local circumstances. These local circumstances will, in turn, shape the immediate next steps for LEPs as well as their future role. The letter does not set out how integration will play out for individual LEPs, but it does establish parameters and principles to guide LEPs and local democratic institutions, working with government, through the transition. We will work closely with the LEPs, the LEP Network, combined authorities and, where required, local authorities, to ensure the forthcoming period of change is as smooth as possible.

## Levelling Up White Paper

*For the last decade, LEPs have acted as important organisational means of bringing together businesses and local leaders to drive economic growth across England. They have also been responsible for the delivery of a number of major funding streams. It is important to retain the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK government's new devolution plans.*

*To that end, the UK government is encouraging the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy. Where devolution deals cover part of a LEP, this will be looked at on a case-by-case basis. Further detail on this transition will be provided in writing to LEPs as soon as possible.*

# Principles

## Integrating LEPs into our plans for devolution

4. We will support the integration of LEP functions and roles into the institutions sitting at Levels 2 and 3 of the devolution framework: single institutions such as a (mayoral) combined authority ((M)CA), a county council or a unitary authority across a functional economic area with (Level 3) or without (Level 2) a directly elected mayor. LEP functions and roles will be integrated into institutions with devolved powers for the purpose of hosting a county deal, and the London Economic Action Partnership will be further integrated into the Greater London Authority. Where devolution deals have already been implemented, we expect LEPs' functions and roles can be integrated over the coming year. Where devolution deals are set to be negotiated, the integration of LEP functions, roles and boundaries will be considered as part of those negotiations, with LEPs supporting local leaders, where requested, to embed a private sector perspective into that conversation. Once a future devolution deal is agreed and implemented, or where an institution progresses to at least Level 2 of the devolution framework, LEP functions and roles can be integrated. Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions. Where a devolution deal geography cuts across a current LEP geography, we will engage with local partners and consider the best outcome for local businesses on a case-by-case basis guided by local preferences. Democratically accountable local leaders will lead the integration of LEP functions and roles into their respective institutions, working jointly with LEPs and, where necessary, other local stakeholders.

## Future role

5. The future role of individual LEPs will differ depending on local circumstances and the status of devolution locally. Broadly, we expect the future role of LEPs – or the local democratic institution after LEP functions have been integrated – will be to:
  - a. Embed a strong, independent and diverse local business voice into local democratic institutions.
  - b. Carry out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths. This should involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors, aligned to the relevant levelling up missions. The nature of this role will depend on individual LEPs' integration pathway. Across all pathways, LEPs, or local democratic institutions where LEP functions and roles have been integrated, should continue to use their convening power to bring together business, education and other local economic stakeholders.
  - c. Continue to deliver a number of functions on behalf of government departments, shaped by the local business voice where relevant. Future programme and funding decisions will be taken by each respective department according to their own decision-making and business planning processes, priorities and timescales. However, at the present juncture we would expect departments to continue to engage with LEPs, or begin to engage with the respective local democratic institution once LEP functions have been integrated, on the delivery of:
    - I. Growth Hubs, on behalf of the Department for Business, Energy and Industrial Strategy;
    - II. International trade and investment activity, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade;

- III. Local Digital Skills Partnerships, on behalf of the Department for Digital, Culture, Media and Sport;
  - IV. Careers Hubs, on behalf of the Department for Education;
  - V. Local skills analysis via Skills Advisory Panels, on behalf of the Department for Education; and
  - VI. Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible.
- d. Where appropriate, LEP business boards can help broker and support new or deeper devolution deals, where requested by local partners. New or deeper devolution deals will not need to be signed off by LEPs.

## Future funding

6. For LEPs that are set to be integrated, we term their funding 'transition' funding. For LEPs that are not set to be integrated over the coming year or once their functions and roles have been integrated into local democratic institutions, we term their funding 'core' funding. We can confirm that we will provide core/transition funding of £375,000 for the full financial year 2022/23, subject to business case approvals. As set out in paragraphs 17(a) and 19–21, we will work with local partners to give effect to LEP integration at the earliest possible opportunity, where relevant.
7. Where LEPs are integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal and there are subsequent boundary changes, we will proportionately revise future core/transition funding grants, where required, on an individual basis. We will maintain the expectation that match funding of at least 50% of government's core funding grant must be secured. We will allow a reasonable proportion of LEP core funding to be used to cover essential preparatory work and legal costs associated with the integration process, where necessary. Our expectation is that only one set of external legal advice should be procured for every integration, with all parties agreeing on the legal questions to be resolved, where necessary.

## Integration pathways

8. The principles set out above will translate differently into different local contexts, largely depending on the status and outcome of local devolution negotiations. We expect individual LEPs will follow one of three 'integration pathways' (also illustrated in **Annex A**):
- I. Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal;
  - II. Maintaining LEPs until a devolution deal is agreed; or
  - III. Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding.

At the present juncture, we expect most areas will either be on pathway I or II with only a few on pathway III.

### **Pathway I: Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal**

9. We anticipate that all LEPs will eventually fully integrate into local democratic institutions in line with our mission to offer a devolution deal to everywhere that wants one by 2030.

- a. Where LEP geographies are coterminous with existing (M)CAs, we will support the integration of LEPs' functions and roles into those democratically accountable institutions.
- b. Where there are multiple LEPs within a single (M)CA or county deal area and boundaries are coterminous, we expect them to become one integrated institution on the geography of the constituent (M)CA or institution with devolved powers for the purpose of hosting a county deal. Where this involves boundary changes, Ministers will consider the preferred local solution put forward by local partners on a case-by-case basis, considering the guiding principles suggested for pathway III.
- c. Where there is one LEP area but multiple (M)CAs or institutions with devolved powers for the purpose of hosting a county deal which cut across its geography, we expect LEP functions and roles to integrate into those separate institutions.
- d. LEP functions and roles are part of Level 3 (top) and Level 2 (mid) of the devolution framework; they will not be integrated into institutions at Level 1 of the devolution framework, where local authorities are working together across a functional economic area or whole county area (for example, through a joint committee). In Level 1 areas, LEPs will likely follow either integration pathway II or III, or potentially a mixture.
- e. Since the 2018 LEP review, we have had a clear position on geographic boundary overlaps: they dilute LEPs' ability to set clear strategies for places and confuse the local growth landscape. All LEP overlaps must be removed through the process of LEP integration. This will be a 'red line' in our devolution negotiations.

10. We expect the future role of LEPs integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will mirror the principles set out in paragraph 5, with some modifications. LEPs' functions and roles should complement and add value to the wider suite of decision-making powers we are devolving to local leaders, which presents opportunities to further join up activity and drive progress towards the levelling up missions. As set out in paragraphs 17(a) and 19–21, local democratic institutions should submit an 'integration plan' to government before 29 July 2022, or by 27 January 2023 where more time is required.

- a. With regard to the business voice, the LEP board should become, or integrate with, the (M)CA or institution with devolved powers for the purpose of hosting a county deal's business board. The (M)CA or institution with devolved powers for the purpose of hosting a county deal will have the flexibility to preserve the current LEP board as a sub-board or merge the LEP board into an existing or new internal business board(s). Local leaders will also have the flexibility to adjust the membership of the newly integrated business board, including by inviting the participation of local economic partners outside of the business community, and can re-brand as necessary. The business board should be consulted on all relevant economic decisions. Any new business board members must be appointed through an open process. That process should ensure appointees are politically independent and able to provide a constructive check and challenge on local decision-making using their private sector perspective. (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must, in their integration plans and as part of any future devolution negotiations, set out how they will ensure business boards are meaningfully involved in decision making and openly recruited, which will be a prerequisite for the release of further core/transition funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners. Where the LEP is mentioned in statute, in due course we will amend so that it reflects any new arrangements.
- b. With regard to strategic economic planning and maintaining a local economic evidence base, the (M)CA or institution with devolved powers for the purpose of hosting a county

deal will decide the direction and balance of these activities. This role must be additional to any statutory planning obligations, such as apply to the GLA.

- c. With regard to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

11. The principles of future funding for LEPs as set out in paragraphs 6 and 7 apply to all LEPs. Where LEPs are integrated, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will be allocated the core funding LEPs currently receive, subject to integration plan and business case approvals. Any long-term future funding for the integration of LEP functions and roles will be subject to future funding decisions and business planning. Our intention, however, is that any future funding that is provided for the integration of LEP functions and roles will be additional to any capacity funding agreed as part of individual devolution deals.

## **Pathway II: Maintaining LEPs until a devolution deal is agreed**

12. We want to ensure businesses outside of devolution areas are still able to access the support, insights and representation LEPs currently provide. Where no devolved institutions exist in an area, we will support LEPs as they are currently constituted until there is devolution, subject to future funding decisions. This also applies to Level 1 devolved institutions – the lowest tier of the new devolution framework – unless and until they progress onto a higher level. Where a future devolution deal is agreed, or where the devolved institution progresses to a higher level of the devolution framework, LEPs will move onto integration pathway I.

13. The future role of LEPs will mirror the principles set out in paragraph 5 with some modifications.

- a. With respect to business voice, we will support LEPs to continue to embed a strong, independent and diverse local business voice into the local decision-making fora they are party to. Local authorities in England may wish to consult with LEPs, along with other local partners, as part of the development of local plans and applications to local growth funds such as the UK Shared Prosperity Fund (UKSPF) or Levelling Up Fund, where projects have an economic development purpose. We encourage all local and relevant national partners to engage with LEPs where a private sector and economic perspective can add value to local decision-making and expect LEPs to readily offer advice where requested.
- b. With regards to strategic economic planning, we will support LEPs to develop local economic strategies and maintain business and economic intelligence for their areas. LEPs outside of devolution areas should set how they intend to utilise their strategic economic function (alongside the other functions and roles set out here) in their delivery plans (see paragraph 15 for more details). These should be published by 30 June 2022. In considering how to employ their strategic economic development function, LEPs should consider what will add most value to their local area, aligning where possible to the levelling up missions set out in the Levelling Up White Paper, in particular mission 1<sup>1</sup>.
- c. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

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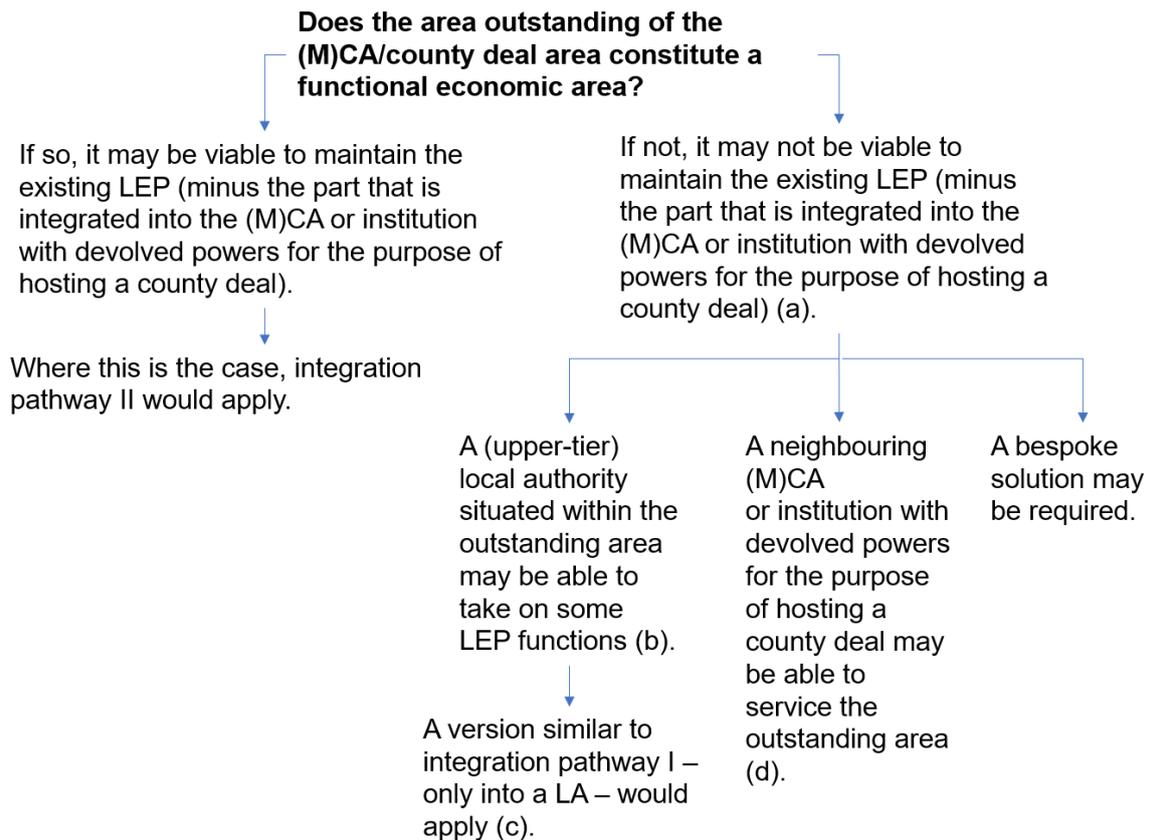
<sup>1</sup> By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

14. The principles of future funding decisions set out in paragraphs 6 and 7 apply to all LEPs. Our position on core funding provides LEPs with clarity for the coming financial year as a whole, with LEPs on pathway II set to receive £375,000. Subject to future business case approvals, LEPs on pathway II will continue to be the recipient of core funding and their respective local authority will remain the accountable body. Devolution is a process and not an event, and we recognise that some areas may need time to decide which if any devolution arrangement is right for them. As above, any long-term future funding for LEPs outside of (M)CA or county deal areas will be subject to future funding decisions and business planning. We will keep this position under review, considering the progress of local devolution negotiations.
15. There will be two parts to our approach to assuring LEPs on pathway II, covering: (a) the coming financial year (2022/23); and (b) the period thereafter.
- a. As part of the current assurance monitoring process, we ask that all LEPs publish their delivery plans for the coming year (2022/23) by 30 June 2022 at the latest. These documents should set out how LEPs intend to use the full range of their core functions and roles (as set out in paragraphs 13a–d) to support their local economies and local decision-making. Government will work with LEPs to develop measures to report against in these plans. These will be considered as part of the annual assurance process. The National Local Growth Assurance Framework (NLGAF) will continue to apply to LEPs as at present.
  - b. For future years, we will ask LEPs on this pathway to agree delivery plans alongside delivery and performance metrics with government in advance of publication. Our current expectation is that LEPs will need to submit draft delivery plans for 2023/24 by 25 November 2022. Future provision of core funding will be subject to agreement of these plans with government and, thereafter, subject to meeting agreed delivery and performance metrics. We intend to amend the NLGAF over the coming year to ensure our future requirements of LEPs remain proportionate to their revised role and functions.

**Pathway III: Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding**

16. Integrating LEP functions and roles into (M)CAs and institutions with devolved powers for the purpose of hosting a county deal may create boundary issues in some areas. We will engage with local partners to understand the range of possible outcomes for LEP integration in such cases, which we will consider on a case-by-case basis through the integration plan process guided by local preferences. If an (M)CA or institution with devolved powers for the purpose of hosting a county deal cuts across a LEP area and only part of the LEP area is integrated, leaving another part outstanding, we will consider each case against the following guiding principles. We will want to hear from local partners on their preferred local solution for dealing with any outstanding areas. We expect that each local solution will provide a template for other LEPs in similar circumstances to consider. Any outstanding overlaps between LEP geographies must be removed as part of the preferred local solution.

FIGURE 2: Potential guiding principles for dealing with outstanding areas



### Further information on guiding principles

- a. It may not make sense in most instances to maintain all LEP functions and roles in geographies that are substantially below the functional economic area level.
- b. Where there are multiple local authorities in the outstanding area, a lead local authority should be appointed, and service agreements signed, to ensure coverage across the LEP area. The host local authority should, where possible, be a UTLA. With regards to the functions and roles of the local authority that absorbs the LEP:
  - i. We encourage the local authority to consider a range of options to maintain an independent business board. The local authority should present its preferred option to government through the process of developing an integration plan. Depending on local context, this may involve using or re-purposing an existing business board function within the local authority or area; creating a new business board; or potentially accessing advice and input from established private sector organisations with a relevant geographic remit. The business board should be consulted on all relevant economic decisions. Local authorities must, in their integration plans, set out how they will ensure business boards are meaningfully involved in decisions and openly recruited or appointed, which will be a prerequisite for the release of future core funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners.
  - ii. In most instances, we would not expect the host local authority to undertake additional strategic economic planning or maintain additional local economic intelligence on behalf of the outstanding area for the reason set out in (a), unless there is a strong strategic and economic case.

- iii. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- c. The process for integrating LEP functions and roles into local authorities would look similar to LEP integration on pathway I, only a local authority would be the 'recipient'. We will similarly expect the local authority to produce an integration plan setting out how it intends to take on the LEP's functions and roles pertaining to the outstanding area, where this is the agreed local solution.
- d. Alternatively, a neighbouring (M)CA or institution with devolved powers for the purpose of hosting a county deal – but not a LEP – may, in some instances, be able to 'serve' the outstanding area. It will be for the (M)CA or institution with devolved powers for the purpose of hosting a county deal to ascertain whether this arrangement is legally feasible, considering, for example, the formal powers conferred by its devolution deal. Where it is feasible, a proportionate mechanism should be agreed for the outstanding area to be able to input into decision-making processes which have a bearing on its local economy. This mechanism should be jointly developed between the (M)CA or institution with devolved powers for the purpose of hosting a county deal and the council(s) covering the outstanding area.

## Timescales

17. We expect individual LEPs will need a variable amount of time to integrate into local democratic institutions.

- a. LEPs in areas where there are existing (M)CAs can be integrated over the coming year. Where integration can happen quickly, and if integration plans can be developed, given proper consideration and approved, mitigating any consequences for neighbouring areas and managing any implications for staff, where relevant, we will work with local partners to give effect to the integration of LEP functions and roles at the earliest practicable opportunity, subject to HMT business case approval. This will require submission of an integration plan before 29 July 2022. There will be a second opportunity to submit an integration plan, by 27 January 2023, where more time is needed. We expect that LEP integration into new (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will likely take longer, considering the time required to negotiate, implement and legislate for new deals.
- b. We acknowledge that LEP integration in areas where devolved institutions do not presently exist will depend on the timing of any future devolution deal.
- c. Some LEPs on integration pathway III may need to wait until there is clarity on the outcome of local devolution negotiations to be able to fully consider their options for integration. Where there is uncertainty on local devolution, LEPs should engage with government.

18. Key near-term milestones during this period, which should be treated as illustrative, are outlined in **Annex B**.

## Integration plans

19. It is important that LEP functions and roles are considered as part of any deal negotiation process and that integration plans are developed in parallel. Integration plans must, at a minimum, take

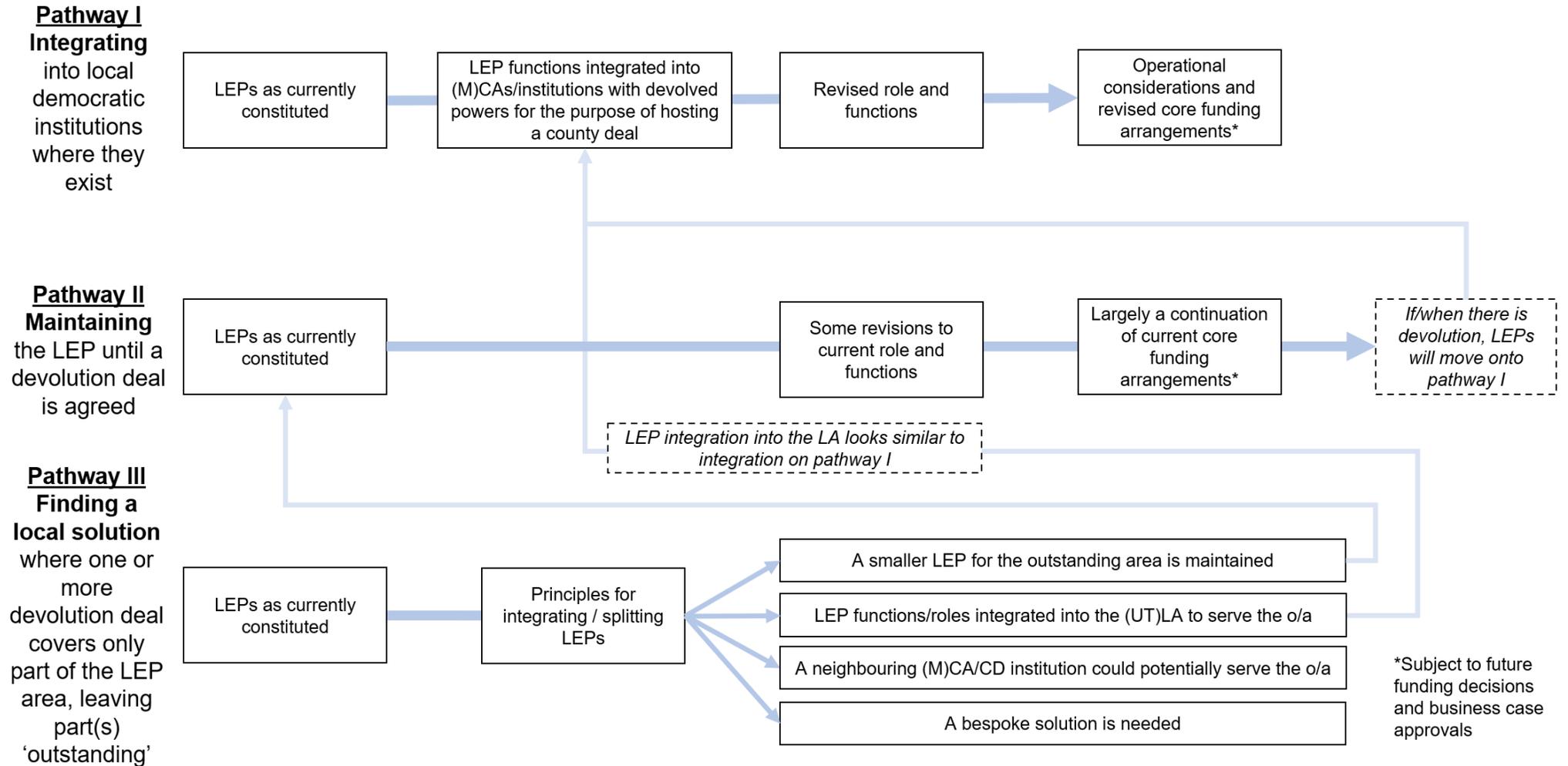
account of all of the above considerations and highlight any additional considerations that are locally specific. The plans must include considerations that are specific to existing LEPs, including how any outstanding liabilities, the transfer (novation) of contractual obligations, any capital underspend and assets will be dealt with. We expect individual LEPs will need to handle each matter differently depending on their present and historic circumstances. Where the LEP is to be integrated, (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must have regard to whether the Transfer of Undertakings (Protection of Employment) (TUPE) principle applies, considering how they intend to discharge their new roles and functions. This matter should be treated with the upmost sensitivity. Should a LEP decide to wind down where its functions and roles are to be integrated, the plans should give regard to all matters and impacts that need to be considered as part of that process. We will provide an illustrative template for integration plans.

20. On integration pathway I, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will lead the development of the plans, setting out how the integration of LEP functions and roles will add value to and align with existing and scheduled activity. LEPs that already have the legal personality of a combined authority should still produce an integration plan, omitting considerations that do not apply. This also applies to the GLA. On integration pathway III, integration plans should be developed by the body that is to take on the LEP's functions and roles pertaining to any outstanding area(s) – i.e., the local authority, (M)CA or institution with devolved powers for the purpose of hosting a county deal, depending on the preferred local solution – led by their democratically accountable local leaders in consultation with other relevant parties. In both instances, the respective local LEP(s) should play a key role in co-developing the plan and should sign it off prior to its submission to government for consideration by the relevant departments. Key local stakeholders should be involved in the development of the plans from an early stage. Commercially sensitive information pertaining to the LEP may be submitted in parallel to the main integration plan. We will not require an integration plan for LEPs on integration pathway II unless and until there is local devolution – see paragraph 15 for the assurance considerations that apply to LEPs on this pathway.
21. The functions and roles agreed as part of the integration plans will form the basis of our core funding grant offer letter pertaining to LEPs on pathways I and III. Performance against these functions and roles will inform future individual core funding decisions. Where a LEP's functions and roles are integrated, individual integration plans will inform our approach to assurance.

## Engagement and next steps

22. To ensure as smooth a transition as possible, we will set up a regular rhythm of engagement with the LEP Network. We encourage individual LEPs to cascade initial questions about the transition to the LEP Network. We will pursue a similar arrangement at working level with the M10 group of Mayors for questions pertaining to combined authorities. LEPs that are set to be integrated over the coming year will, in due course, be assigned an 'account manager' within government – an Area Lead within the Cities and Local Growth Unit – who will be able to respond to and escalate locally specific issues and questions pertaining to the development of integration plans where required. Government will provide an illustrative template for these plans. For further information, and to submit integration plans once complete, contact: [LEP.Integration@levellingup.gov.uk](mailto:LEP.Integration@levellingup.gov.uk).

## Annex A – Integration pathways



## Annex B – Illustrative milestones

| <b>2022</b>    |  |
|----------------|--|
| 31 March       | <ul style="list-style-type: none"> <li>LEPs, (M)CAs and local authorities receive and consider this letter and discuss the integration pathway that applies to them.</li> </ul>  |
| April          | <ul style="list-style-type: none"> <li>LEPs and (M)CAs should now have a sense of which integration pathway applies to them. Integration plans for LEPs that are to be integrated this year should begin to be developed, where local partners are able to move quickly. Government will provide an illustrative template for integration plans.</li> <li>CLGU officials will commence a regular rhythm of engagement with the LEP Network and, at working level, the M10 group of Mayors.</li> <li>LEPs and (M)CAs on integration pathways I and III will be assigned an ‘account manager’ who will support the transition to integration.</li> </ul> |
| 30 June        | <ul style="list-style-type: none"> <li>LEPs on pathway II should publish their delivery plans for financial year 2022/23, as set out in paragraph 15(a).</li> </ul>  |
| 29 July        | <ul style="list-style-type: none"> <li>LEPs and (M)CAs on pathway I will have an early opportunity to submit their integration plans, as set out in paragraphs 17(a) and 19–21.</li> </ul>   |
| Late September | <ul style="list-style-type: none"> <li>Government will respond to the first tranche of integration plans.</li> </ul>   |
| October        | <ul style="list-style-type: none"> <li>Where government agrees with the integration plans, LEPs and (M)CAs should proceed to implement them as agreed.</li> </ul>  |
| 25 November    | <ul style="list-style-type: none"> <li>LEPs on pathway II should submit draft delivery plans to government for the following year (2023/24), as set out in paragraph 15(b).</li> </ul>   |
| <b>2023</b>    |  |
| January        | <ul style="list-style-type: none"> <li>Government will seek to agree delivery plans for the coming year (2023/24) with LEPs on pathway II.</li> </ul>  |
| January 27     | <ul style="list-style-type: none"> <li>Combined authorities and LEPs on pathway I will have a second opportunity to submit their integration plan, as set out in paragraphs 17(a) and 19–21.</li> </ul>  |
| Late March     | <ul style="list-style-type: none"> <li>Government will respond to the second tranche of integration plans.</li> </ul>  |

**19 May 2022**

**Item 4: Looking forward 2022-2023 – Annual Delivery Plan**

**1.0 Background**

1.1 At the North East LEP Board on the 17 March 2022, we reported our progress against the deliverables we set in the Annual Delivery Plan for 2021/22. This report looks ahead setting out the planned delivery for 2022/23.

**2.0 Looking ahead and future role**

2.1 The draft Annual Delivery Plan attached reflects a flexible approach, similar to the 2021/2022, enabling us to bring in activities as required to respond to our economic recovery. For reference the Annual Delivery Plan for 2021/22 can be found at: <https://www.northeastlep.co.uk/wp-content/uploads/2021/06/Annual-Delivery-Plan-202122.pdf>.

2.2 Whilst continuing to adopt a flexible approach this year, the plan also takes into consideration the letter received by LEPs on the 31 March 2022 from government, entitled '*Integrating Local Enterprise Partnerships into local democratic institutions*'. As set out in the previous Board report, this letter outlined the roles for LEPs and the plans for integration into local institutions.

2.3 The Annual Delivery Plan for 2022/23 is based around the functions described by government for LEPs in that letter, which are to:

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

The Board will receive progress updates on our delivery at future Board meetings.

2.4 The draft document attached still requires proof reading and there may be minor changes to it from the executive team.

**3.0 Recommendations**

3.1 The Board is recommended to:

- (i) Agree the draft Annual Delivery Plan for 2022-2023 and delegate authority to the Chief Executive to sign off minor amendments if required;
- (ii) Note that updates on progress will be presented to the Board at each meeting

## **4.0 Appendix**

### 4.1 Appendix one – Annual Delivery Plan

**North East**  
Local Enterprise Partnership



# Annual Delivery Plan 2022/23

**DRAFT**



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## Introduction – a time of transition for Local Enterprise Partnerships

**Government's Levelling Up White Paper was published in February 2022 and provided details about the outcome of the review of Local Enterprise Partnerships. It stated that there was a strong role for LEPs moving forward, but that the role would change.**

The Paper was followed by a letter from government on 31 March 2022 that was more specific about the roles of Local Enterprise Partnerships and that LEPs were on a transition pathway to merge into a local institution, either a Mayoral Combined Authority or a County Deal area to align geographies.

The letter was clear on the roles of LEPs which are to:

1. Embed a strong, independent and diverse local business voice into local democratic institutions.
2. Carry out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths
  - specifically leading the development of the regional evidence base and utilising our strengths in convening and developing strategic partnerships.
3. Continue to deliver a number of functions on behalf of government departments including:
  - Growth Hubs, on behalf of the Department for Business, Energy and Industrial Strategy;
  - International trade and investment activity, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade
  - Local Digital Skills Partnerships, on behalf of the Department for Digital, Culture, Media and Sport;
4. Where appropriate, LEP business boards can help broker and support new or deeper devolution deals, where requested by local partners.
  - Careers Hubs, on behalf of the Department for Education
  - Local skills analysis via Skills Advisory Panels, on behalf of the Department for Education
  - Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible.

Our 2022/23 delivery plan reflects this new remit. But it also captures the added value that our Local Enterprise Partnership offers. The Strategic Economic Plan has been the blueprint for regional economic development for almost a decade. It is a ten year plan that is due to conclude in 2024 and we are committed to this and to demonstrate the impact that it has made. We have included a section in this Plan that demonstrates where our continued delivery will be focused.

You will note that transport delivery does not feature in this plan, but remains a key theme withing the Strategic Economic Plan. Transport delivery has never been the responsibility of the LEP. We continue to work closely with our colleagues within Transport North East to report on delivery and impact.

2022/23 is a time for change for the whole region, not just the LEP. We have changes in national funding through the UK Shared Prosperity Fund, devolution agendas to navigate and progress and an approach to economic development that is very different to the way it has been delivered over the past decade. Our LEP is exceptionally well placed to play a central role in supporting and guiding partners through this process as we continue to create more and better jobs together for our region and this delivery plan reflects that.

# A regional approach to economic growth

## The North East Strategic Economic Plan

The North East Strategic Economic Plan sets out our ambition to create more and better quality jobs for the North East LEP area. It is a ten year plan that was published in 2014. Throughout the past eight years, it has been embedded, reviewed and refreshed and always been led by clear evidence, research and business experiences. It has been informed, endorsed and championed by regional business, public sector and education leaders and supported by a wider community of partners.

Moving forward the responsibility of economic strategy development and investment decision making lies with the region's political leaders and we will be active participants in this process. The role of ensuring a robust evidence base is available to inform these strategies and that the business voice is heard, remains the responsibility of the LEP.

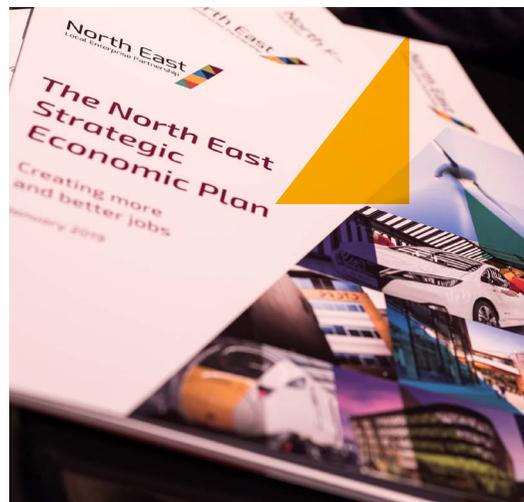
During this time of transition, we are committed to take forward our new role as defined by government, but are also committed to see the delivery of the Strategic Economic Plan through to 2024. In line with best practice, we will continue to report on its progress and ensure that a robust evaluation of impact is completed.

## Creating more and better jobs

The North East Strategic Economic Plan aims to drive forward a modern, diverse and entrepreneurial economy, which is agile in the face of change, as well as competitive, resilient and inclusive.

Between 2014 and 2024, we want to grow the number of jobs in the region by 100,000, with at least 70% of the new jobs being better jobs, defined as those in managerial, professional and technical roles.

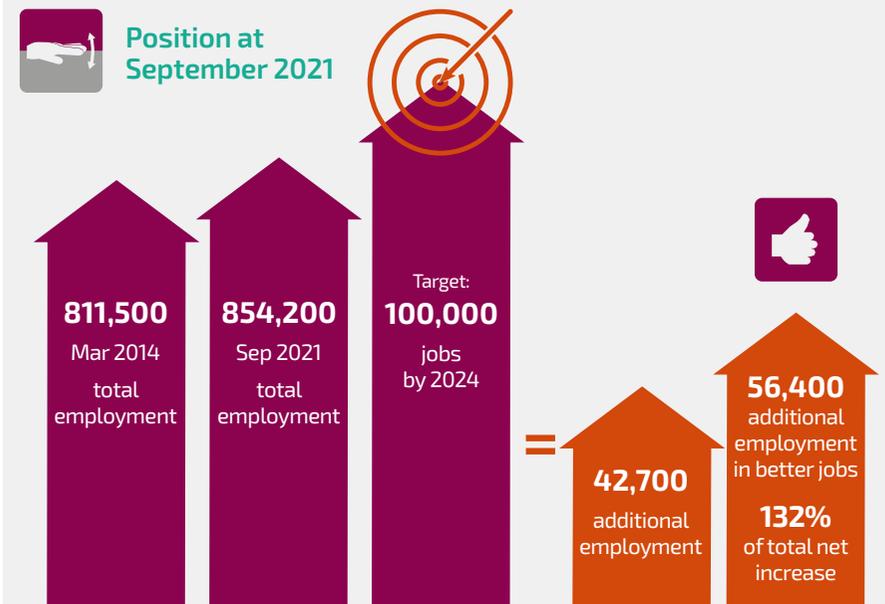
You can read the North East Strategic Economic Plan in full at [northeastlep.co.uk](http://northeastlep.co.uk) and you can keep up to date with our progress on the [North East Evidence Hub](#).



## Delivering more and better jobs for our region

By September 2021, total employment had increased by 42,700. This had been driven by an increase of 56,400 in employment in 'better jobs', equivalent to 132% of the total net increase. The upwards trend in North East employment growth between 2014 and early 2020 has reversed since the start of the pandemic. Total employment in September 2021 was 26,200 lower than in March 2020, with employment in 'better jobs' falling by 14,000. In March 2020, our employment stood at 76,000.

**Target:** Increase the number of job in the North East economy by 100,000 by 2024



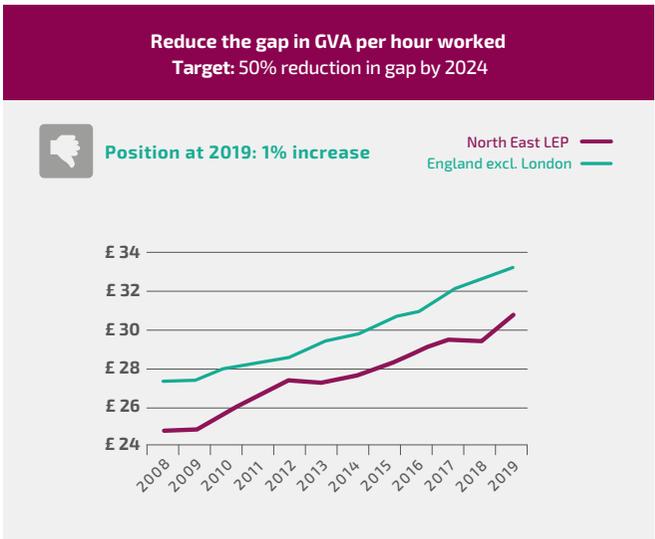
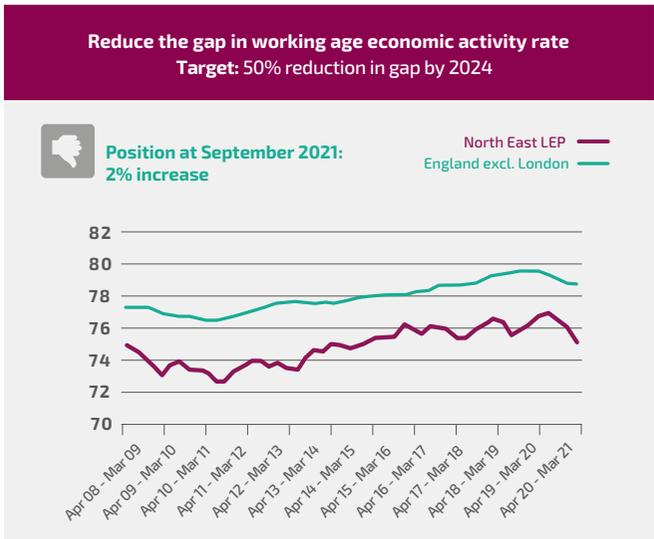
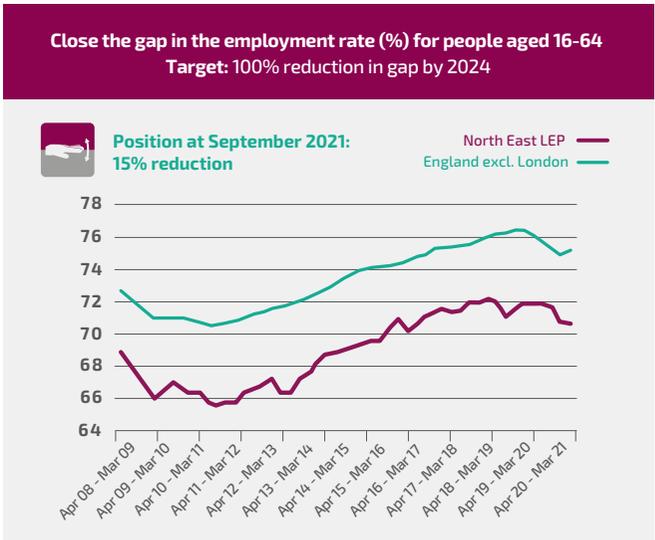
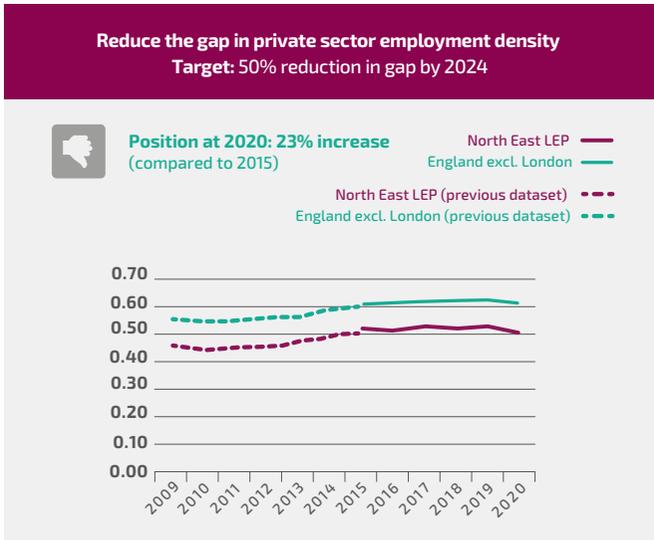
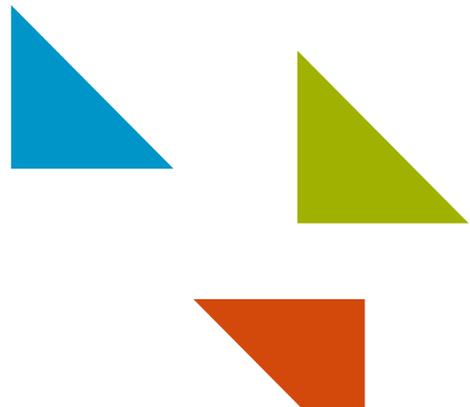
# Targeted delivery based on data and insights

## Levelling up targets

We share government's ambition to level up the country and our region. We have identified four key economic performance gaps for our region to be addressed to achieve this ambition in relative levels of employment, economic inclusion, productivity and the proportion of jobs in businesses. We have set clear targets to close these gaps.

We have great potential in the region and closed these gaps towards these targets between 2014 and 2021, but the last two years has impacted on this progress.

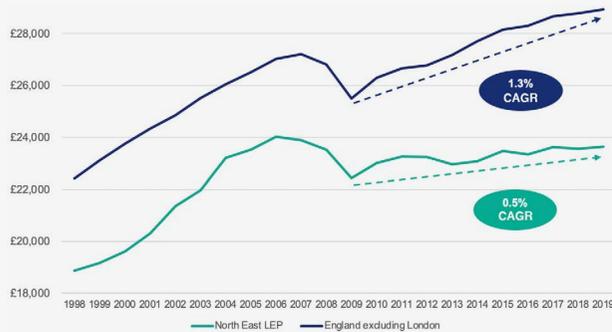
A strong partnership with government, and investment and support for our programmes to support recovery of our economy will enable us to accelerate this progress and level up our region



### The wider evidence base

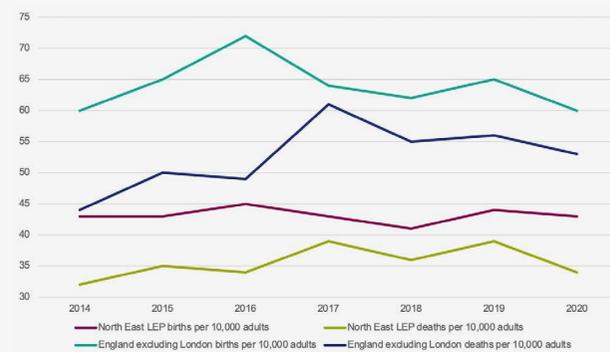
As we focus on our refined remit from government, it is important to understand some of the key data that is driving some of these agendas forward. More data and insights is available on the North East Evidence Hub, but an overview is included below.

#### Inflation adjusted GDP per head North East LEP and England excluding London (1998–2019)



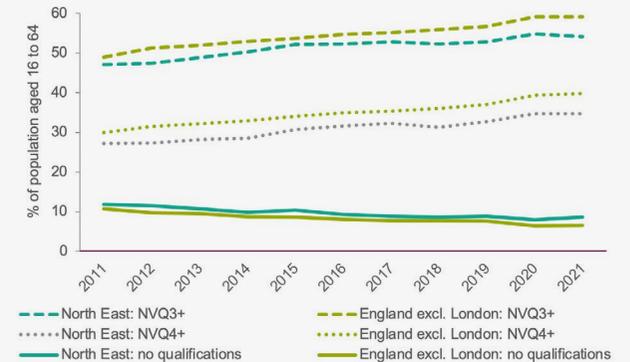
CAGR = compound annual growth rate  
Source: Regional economic activity by gross domestic product (ONS)

#### Business births and deaths per 10,000 adults (2014–2020)



Source: Business demography (ONS)

#### Population aged 16 to 64 by highest qualification level (%), 2011–2021



Source: Annual Population Survey (Nomis).

- Real GDP growth has been slow in the North East LEP compared to nationally, especially since the 2008 recession.
- GDP per head was £23,645 in the North East LEP area in 2019, £5,286 lower than in England excluding London.
- Taking into account inflation GDP per head in the North East LEP area was larger in 2006 than in 2019 (£24,022 vs £23,645).
- Since real GDP per head started rising again in 2009/10 growth has been slow in the North East LEP area compared to nationally growing on average by 0.5% per year compared to 1.3% per head in England excluding London.
- The impact of Covid-19 has yet to be reflected in these figures.

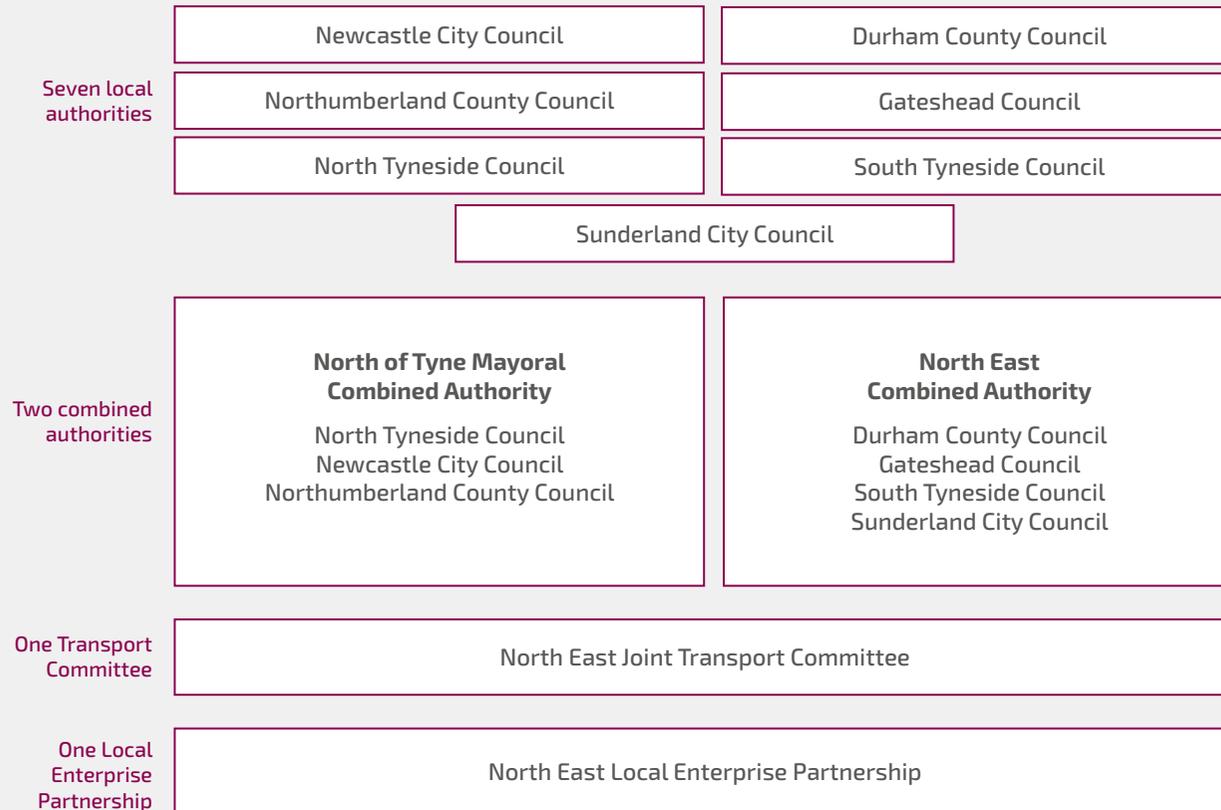
- The North East LEP area has consistently low business birth and death rates, limiting the potential for private sector growth.
- There were 43 business births per 10,000 adults in the North East LEP area in 2020, compared to 60 for England excluding London. Both areas had very similar birth rates to 2014.
- If the North East LEP had the same rate of business births as England excluding London there would be an additional 2,800 businesses started each year.
- There were 43 business deaths in the North East LEP area in 2020, compared to 53 in England excluding London. Research suggests business birth and death rates are closely correlated.

- Progress addressing the lower qualifications profile than England has slowed.
- The North East LEP area has a lower percentage of working age people educated to NVQ3+ level (equivalent to 2 or more A levels) and to NVQ4+ level than England excluding London.
- Recently, progress made in closing the gap between the North East and England excluding London has reversed.
- The latest North East employment rate for those educated to degree level (NVQ4+) was more than twice that of people with no qualifications.

# Governance and transparency

## Regional governance at 1 April 2022

Whilst devolution plans develop, we continue to work within a regional governance model that involves two combined authorities – the North East Combined Authority and the North of Tyne Combined Authority – and seven local authorities. Our accountable body is in the North of Tyne Combined Authority.



# Governance and transparency

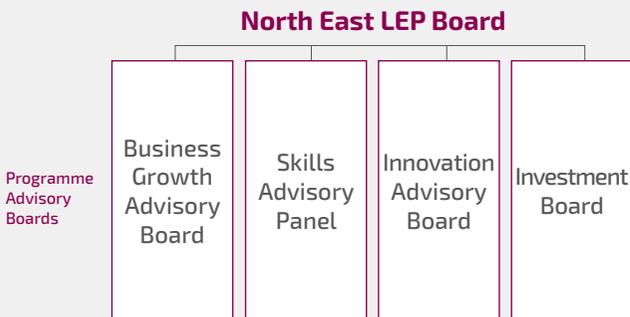
## North East LEP governance

The North East LEP Board is a business led, private, public and education partnership. It is supported by advisory boards that are structured around our delivery programme and areas of opportunity. They provide oversight for the main Board.

The North East LEP Board is chaired by Lucy Winskell, OBE.

The main North East LEP Board receives an operational performance report at every meeting, which shows progress against each programme of delivery and highlights any concerns.

## Our governance structure



Lucy Winskell, OBE, North East LEP Chair

## Our Assurance Framework

The North East LEP follows a robust Assurance Framework.

Our [Assurance Framework](#) sets out how we make decisions and ensures value for money when investing in projects across the North East LEP area.

The Local Growth Fund programme is managed in accordance with the North East Local Assurance Framework.

It is a live document, updated annually and accessible via the North East LEP website.

**We are committed to robust, transparent and fair governance at every level of our operations.**

## Decision making

All project funding decisions are taken by the North East LEP Board or, where appropriate, under delegated authority by the North East LEP Investment Board.

Both boards receive programme monitoring reports at each bimonthly meeting. Government receive quarterly progress reports on our funding programmes and investments.



## Our delivery priorities

### **Our delivery plan has been restructured to reflect our new remit:**

- Representing the business voice
  - Strategic economic planning
  - Improving skills
  - Growing businesses
  - Managing funds
- 

# Representing the business voice

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## Representing the business voice

### Embed a strong, independent and diverse local business voice into local democratic institutions.

#### Between April 2021 and March 2022, we will:

Fill vacancies on the North East LEP board as they become available to ensure a strong representation of businesses across the North East

Review the structure and remit of our advisory boards and sector groups to ensure their remit reflects the priorities outlined by government and has strong business representation

Work with combined and local authorities to highlight business led priorities and the priorities identified within the Strategic Economic Plan, to ensure they are integrated into future devolution proposals

Support the democratic institutions leading on strategic investment plans for the UK Shared Prosperity Fund by providing the evidence base to inform decision making and leadership to ensure business priorities are central to thinking

Work with the local and combined authorities to ensure that there is a shared economic evidence base across the region, and to highlight regional investment priorities for integration into investment planning, to maintain a regional- level approach where appropriate

### Added Value

#### Part of ensuring continued engagement with the business community requires the LEP to remain consistent with its strong governance and communications activity. In addition to the above, between April 2021 and 2022, we will:

Ensure progress updates to the North East LEP board reflect the new remit for LEPs as defined government and the progress of the North East Strategic Economic Plan to 2024

Hold a public Annual General Meeting

Update the Assurance Framework in January 2023

Continue to embed communications across our programmes and priorities, but specifically deliver strategic communications to ensure the revised role and remit of the North East LEP is understood by the business community and wider community

# Strategic economic planning

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## Strategic economic planning

### Lead the development of data, research and evidence for the North East Economy

#### Between April 2022 and March 2023 we will:

- Provide a comprehensive state of the region evidence base, including place-based intelligence that is accessible and reflects the North East's economic performance
- Review and produce analysis of the 2021 census data, ensuring a clear understanding of the North East's position post COVID-19
- Develop and support delivery of collaborative analytical and evidence activities to support key projects for Strategic Economic Plan programmes, devolution, levelling up, UKSPF, with our partners in combined and local authorities and through the Economic Evidence Forum
- Systematise processes and governance for commissioning, publication and communication of evidence, data and analysis outputs and products on LEP platforms
- Deliver the preparatory activities for the final evaluation of the Strategic Economic Plan programme for 2014-2024
- Improve the accessibility, visibility and understanding of key North East data and evidence through the relaunch of the North East Evidence Hub
- Lead the development of the Northern Evidence Network working with NP11 LEP's, TFN and government across the agreed activity areas
- Work with Newcastle University and other partners to deliver strengthened academic contribution to the evidence base through the Insights North East programme
- Build on existing co-operation and develop new opportunities for research collaboration with Durham University and Northumbria University
- Working with the North East Economic Evidence Forum and other partners, develop a comprehensive analysis of the data, trends and causes of inequality and exclusion across the North East including analysing the impact of recent economic events on standards of living, to 'map and gap' data and indicators related to White Paper missions

### Strengthen regional collaboration

#### Between April 2022 and March 2023 we will:

- Support the region on the development of proposals for the next stage of the regions strategic economic plan post 2024
- Continue to convene the Economic Prospects Group with the Bank of England as a regional platform to share data and information about the economy with key partners
- Work closely with Destination Management Organisations (DMO's) and other partners to drive forward the implementation of the Statement of Intent, North East's response to the review of DMO's, and engagement with government's strategy to enhance the visitor economy to strengthen strategic co-ordination in the region for growing the Visitor economy
- Working with local authority planning and economic leads, the Geo-spatial Commission and other partners such as Northumbria University to develop partnership projects that can deliver strengthened spatial economic evidence to support economic development, investment in infrastructure and regeneration
- Collaborate with inter-governmental partnerships, think tanks and consultancies on strategic evidence and policy activities including the What Works Centre and Productivity Institute
- Work with the EU Exit Implementation Group to complete its report analysing the impact of EU Exit on the region, bringing forward recommendations for priorities for strengthening the outcomes for the region through international work and for influencing domestic policy activities implementing the Free Trade Agreement with the EU
- Co-ordinate the North East Northern Powerhouse Working group enabling information sharing across Northern Powerhouse priorities with NP11, TFN and CLGU Leadership. This will include the coordination of the North East's response to the updating of the Northern Powerhouse Independent Economic Review

## Added Value

**Identifying opportunities, using our convening power and our ability to engage with the region to develop projects and programmes that make sense to delivery regionally has always been a strong role in our organisation and is consistent with our new mandate. Between April 2021 and 2022, we will:**

Support the ongoing development and launch of Net Zero North East as a collaborative regional programme to accelerate decarbonisation, develop a greener economy and secure a positive transition for our environment and communities – which includes publication of an evidence base.

Work with the DIT, North East Chamber of Commerce and Trade Strategy to drive forward implementation of the key workstreams in the North East Trade and Export strategy in the context of the UK Trade Strategy. Co-ordinate engagement with the Northern Powerhouse trade and investment strategy and programme, ensuring that the North East secures strong presence and outcomes from this work.

Monitor and influence the ongoing development of the proposals in the Levelling Up White Paper and engage with new local institutions as they develop.

# Improving skills

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## Improving skills

### Provide regional leadership and delivery on an integrated careers programme

#### Between April 2022 and March 2023 we will:

Deliver local Careers Hubs on behalf of the Department for Education

Deliver the North East Ambition programme which aims to get all schools and colleges from across the region working towards the eight Good Career Guidance benchmarks.

Deliver the Education Challenge programme, which aims to support teachers, school leaders, governors and employers to work collaboratively to integrate an understanding of the world of work and career opportunities into the curriculum. Delivery includes Opportunity North East, a two year careers and business engagement pilot, a CPD programme for careers professional, supporting business leaders to take up opportunities as governors and an employer engagement strategy.

Ensure the successful implementation of post 16 technical skills education policy across the region to ensure it addresses the imbalance between technical skills supply and demand in key employment sectors.

### Produce local skills analysis via Skills Advisory Panels, on behalf of the Department for Education

#### Between April 2022 and March 2023 we will:

The Skills Advisory Panel (SAP) brings together local employers and skills providers to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges. The SAP will continue to deliver key functions that include advising the main LEP Board, providing oversight of delivery of regional skills, inclusion and progression programmes and projects, commissioning research into key skills challenges, reporting into government and National Skills and Productivity Board.

### Added value

**Our skills programme has always considered the skills agenda, the importance of improving labour market activation, ensuring communities are connected and that there is a strong agenda to deliver employability across the region. We will continue our work in this area during 2021/22 by:**

Support the rollout of phase three of skills bootcamps and continue to promote the benefits of apprenticeships to businesses across the region.

Develop and publish a regional digital inclusion strategy and together with partners, explore funding and delivery opportunities for the strategy.

Continue to support DWP's fuller working lives initiative and work with key stakeholders and partners to support for strategic regional programmes aimed at supporting disadvantaged groups into employment.

# Growing businesses

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## Growing businesses



North East  
Growth Hub

### Deliver the North East Growth Hub on behalf of the department for business, energy and industrial strategy

#### Between April 2021 and March 2022, we will:

Secure investment to continue to deliver and develop the North East Growth Hub and the business and sector growth ecosystem

In response to a 50% reduction in funding we will implement a new operating model for the North East Growth Hub which will fulfil government's requirement by continuing to provide a one stop shop for all businesses to access support and advice, whilst developing a more targeted approach for key growing sectors

Work with government, local authorities, and regional stakeholders to help shape the UK Shared Prosperity Fund and national programmes so that they collectively prioritise delivery of a more impactful, simplified, cohesive and better targeted business support ecosystem

Develop an evidence base to inform the development of a regional and local enterprise strategy and interventions designed to level up the North East's business birth rate

Develop an evidence base to inform the creation of a regional scaleup plan designed to build on the momentum generated in the North East over previous years

Establish the firm level drivers of productivity performance and consider how these drivers can be diffused across the wider business community by working with the Productivity Institute

Identify opportunities and funding to implement the recommendations of the North East Internationalisation Strategy that relate to increasing the number of active exporters in the North East

Ensure that the business support framework and taxonomy support business resilience through, supporting businesses to identify and mitigate areas of risk around net zero plans and the effects of rising energy prices as businesses adapt to new ways of working

Work with Invest North East England to identify and convert investment opportunities to create more and better jobs for the region

## Identify actions needed to support priority sectors, aligned to the relevant leveling up missions

Our delivery activities have always focused heavily on areas and sectors of opportunities, specifically energy, tech, health and life sciences and advanced manufacturing. Our Delivery activity in these areas is included below.

### Energy

Between April 2021 and March 2022, we will:

Accelerate regional low carbon energy projects across all seven local authority areas, to deliver on net zero goals

Work with partners in the North East and Yorkshire to ensure the successful transition of the Local Energy Hub to the Net Zero Hub, supporting the UK Net Zero strategy and wider Net Zero action

Coordinate the North East Energy Catalyst, enhancing collaboration through the partner and SME networks, and enabling delivery of the Energy Innovation Pipeline and an Energy Innovation Challenge Programme 2

Work with industry and public authorities to support cluster development in key energy and net zero sectors needed to level up the region, including offshore wind, EV and battery, and low carbon heat

Position the North East as a lead region in energy and net zero, e.g. by leading the national geothermal and mine energy taskforce, and progressing an energy masterplanning approach

### Tech

Establish a North East Tech Sector Strategy Group as part of the Business Growth Board

Work with the strategy group to develop north east tech sector development plan

Establish a tech sector development plan delivery group to deliver the plan

Secure resources and funding required to deliver the plan

### Health and life sciences

Following the COVID-19 pandemic, we will refresh the North East Health and Life Science strategy governance

Modernise and grow pharmaceutical manufacturing by supporting diversification into new and emerging markets, supporting the adoption of industrial digitisation technologies and creating a framework to develop a pipeline of skills.

Increase the number of life science businesses that are born, grow and scale in the region by supporting the formation of university, NHS and corporate spinouts, developing a skills framework to create a skills pipeline that meets the needs of the sector and promoting the regions strengths.

Ensure that the right infrastructure, connectivity and investment in place do grow the sector

Broker access to a range of expert support and services across the health and care sectors through the Innovation Pathways through development of the AHSN's Innovation Pathway Omnia brokerage system – integrating it into the North East Growth Hub to support sector innovations and to help businesses break into the NHS

Progress ecosystem development by completing the proof-of-concept study for the development of the Life Science Manufacturing and Innovation Zone and consider the findings and recommendations made

## Advanced Manufacturing

Mobilise and begin deliver of the three year Made Smarter digital adoption in partnership with government and Tees Valley Combined Authority to support regional manufacturers to adopt industrial digitisation technologies

Establish a North East Advanced Manufacturing Strategy Group as part of the Business Growth Board.

Work with the strategy group to develop a North East advanced manufacturing sector development plan

Establish an Advanced Manufacturing Sector development plan delivery group to deliver the plan

Secure resources and funding required to deliver the plan

## Innovation

**Between April 2021 and March 2022, we will:**

Stimulate new business opportunities through the North East Open Innovation Challenge, with specific delivery focused on the **Exm Challenge** North of Tyne project

Work intensively with the nine priority innovation projects to support them into delivery and understand how we can support eleven more to develop their business cases. Selected projects have been through a robust selection period prior to 2022/23

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Work with regional partners to shape the region's response to the innovation component of the Levelling Up White Paper, to capitalise on the region's research and innovation capability and agree an approach to embed innovation into businesses across the region

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Increase private sector investment into growing innovation businesses, ensuring innovation is positioned within the successor to the North East Fund, Venture North and Northern Accelerator

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Deliver the UK Community Renewal Funded project - 'future markets accelerator project' by June 2022, as awarded by Gateshead and Sunderland local authorities

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Work in partnership with local and combined authorities to highlight the investment opportunities from the innovation project pipeline to secure investment from the UK Shared Prosperity Fund

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Support seven Innovation Delivery Partnerships to develop their plans

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Publish the Economic Markets Foresight Analysis study and integrate findings into future strategy and funding development

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Facilitate connections and collaborations between national and regional partners including UKRI/Innovate UK, NP11 and the Innovation SuperNetwork to boost innovation activity in the region

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# Managing funds

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## Investment and infrastructure

### Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible

We will continue to manage the following funding streams in line with the North East Assurance Framework. Activity will involve working with partners to develop project business cases and agree investments, then ensure legal and financial compliance and documentation is in place for management and audit purposes. We will continue to monitor delivery and output generation with partners and report to government quarterly.

- Local Growth Fund legacy £xxm TBC
- Getting Building Fund legacy £xxm TBC
- Enterprise Zone sites infrastructure programme £xxm TBC
- North East Investment Fund programme £xxm TBC
  - Commercial Property Investment fund
  - North East Property Investment Fund schemes
- Enterprise Zone surpluses programme £2.0m
- £1m Project development accelerator fund

Activity will involve working with partners to develop project business cases and agree investments, then ensure legal and financial compliance and documentation is in place for management and audit purposes. We will continue to monitor delivery and output generation with partners and report to government quarterly.

### Added Value

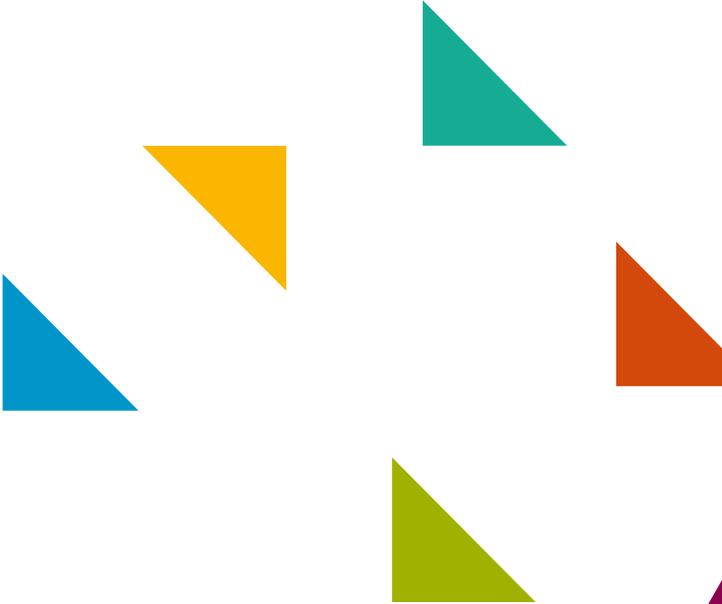
We will work with partners to inform and support delivery of a number of regionally significant projects using the funding available to us

We will lead the coordination of the regional access to finance work to ensure future programmes meet the needs of North East businesses. This includes preparation work to understand the supply and demand issues and reaching regional consensus to inform the development of:

- The second tranche of the Northern Powerhouse Investment Fund for implementation by the British Business Bank in autumn 2023.
- The successor fund to the regional North East Fund Limited for implementation in January 2024.

# North East

Local Enterprise Partnership



## North East Local Enterprise Partnership

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[northeastlep.co.uk](http://northeastlep.co.uk)



North East  
**Growth Hub**

[northeastgrowthhub.co.uk](http://northeastgrowthhub.co.uk)



North East  
**Data Hub**

[northeastdatahub.co.uk](http://northeastdatahub.co.uk)



North East  
**Ambition**

[northeastambition.co.uk](http://northeastambition.co.uk)



**19th May 2022**

**ITEM 5: LEP budget: Financial Outturn 2021/22; Update on 2022/23  
and 2023/24 Budget Estimates**

**1. Introduction**

- 1.1 The purpose of this report is 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.
- 1.2 This report also provides 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 reflect 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 shows reduced funding from both LGF and GBF as the programmes are tapered towards their close.

**2. LEP 2021/22 Revenue Budget Outturn**

- 2.1 The LEP core budget for 2021/22 covers core operational activity of the LEP and also management of the LGF, GBF, NEIF and Enterprise Zone (EZ) programmes. Table 1 provides; the original approved budget from May 2021, revised forecast reported to the Board in January 2022 and the actual spend for the year, with further details explaining significant variations provided below.
- 2.2 The original budget for 2021/22 presented in May 2021 comprised gross expenditure of £7.906m and gross income of £7.764m, projecting a drawdown requirement from the EZ Account of £0.142m. The update to the LEP Board in January revised the 2021/22 forecast gross expenditure to £7.956m and gross income to £8.092m, providing a forecast increase to LEP reserves of £0.136m.
- 2.3 Actual total revenue expenditure in 2021/22 amounted to £7.427m, which is £0.530m lower than the January forecast. Actual income also reduced this by £0.577m to £7.515m. Overall the LEP recorded a £0.088m surplus for the financial year.

**Table 1: North East LEP 2021/22 Outturn**

|  | 2021/22 TOTALS                         |   |                      |                        |
|--|--|---|----------------------|------------------------|
|  | Original Budget<br>2021/22<br>(May 21) | Revised Budget<br>2021/22<br>(Jan 2022) | Projected<br>Outturn | Under/ (Over)<br>Spend |
|  | £'000                                  | £'000                                   | £'000                | £'000                  |
| Employees  | 3,700                                  | 3,353                                   | 3,335                | 18                     |
| Employee - Allowances                            | 21                                     | 8                                       | 0                    | 8                      |
| LEP Chair Remuneration                           | 20                                     | 20                                      | 22                   | (2)                    |
| Premises   | 225                                    | 225                                     | 207                  | 18                     |
| Communications                                   | 250                                    | 256                                     | 256                  | 0                      |
| Other Operational Costs (Core)                   | 670                                    | 675                                     | 447                  | 227                    |
| Growth Hub Operational Costs                     | 250                                    | 256                                     | 246                  | 10                     |
| Growth Hub Cluster Management                    | 85                                     | 0                                       | 0                    | 0                      |
| Peer Networks                                    | 160                                    | 212                                     | 149                  | 63                     |
| Made Smarter                                     | 217                                    | 520                                     | 516                  | 4                      |
| LGF High Potential Operational                   | 0                                      | 158                                     | 115                  | 43                     |
| Life and Health Sciences                         | 0                                      | 135                                     | 140                  | (5)                    |
| Energy Commissioning and Studies                 | 85                                     | 125                                     | 91                   | 34                     |
| Future Markets Accelerator Fund                  | 0                                      | 0                                       | 23                   | (23)                   |
| Challenge North of Tyne                          | 0                                      | 0                                       | 8                    | (8)                    |
| Innovation Challenge - Covid                     | 313                                    | 313                                     | 273                  | 41                     |
| Brexit Policy Work Programme (Strategy & Policy) | 85                                     | 123                                     | 0                    | 123                    |
| Trade and Export Strategy                        | 46                                     | 70                                      | 70                   | 0                      |
| NP11   | 0                                      | 30                                      | 60                   | (30)                   |
| North East Ambition Operational Costs 1          | 144                                    | 76                                      | 109                  | (34)                   |
| North East Ambition Operational Costs 2          | 192                                    | 0                                       | 64                   | (64)                   |
| Skills Operational CEC, EY, CITE, DfE            | 714                                    | 512                                     | 625                  | (113)                  |
| INEE Contribution                                | 140                                    | 140                                     | 0                    | 140                    |
| EZ, NEIF Costs                                   | 405                                    | 405                                     | 125                  | 280                    |
| Future Markets Accelerator Fund                  | 0                                      | 79                                      | 0                    | 79                     |
| CPIF   | 0                                      | 0                                       | 218                  | (218)                  |
| LGF Project Management                           | 51                                     | 101                                     | 151                  | (50)                   |
| GBF Project Management                           | 133                                    | 165                                     | 176                  | (11)                   |
| <b>GROSS EXPENDITURE</b>                         | <b>7,906</b>                           | <b>7,956</b>                            | <b>7,427</b>         | <b>530</b>             |
| LEP Core & Strategy Grant from DCLG              | (500)                                  | (500)                                   | (500)                | 0                      |
| Local Authority Match Contributions              | (250)                                  | (250)                                   | (250)                | 0                      |
| <b>CORE FUNDING</b>                              | <b>(750)</b>                           | <b>(750)</b>                            | <b>(750)</b>         | <b>0</b>               |
| LGF Project Management                           | (454)                                  | (604)                                   | (601)                | (3)                    |
| GBF Project Management                           | (320)                                  | (370)                                   | (358)                | (13)                   |
| Interest Generated on Funds                      | (140)                                  | (140)                                   | (140)                | 0                      |
| Growth Hub                                       | (780)                                  | (780)                                   | (780)                | 0                      |
| Growth Hub Business Support                      | (85)                                   | (40)                                    | (69)                 | 29                     |
| Peer Networks                                    | (410)                                  | (375)                                   | (314)                | (61)                   |
| Made Smarter                                     | (288)                                  | (600)                                   | (600)                | 0                      |
| LGF High Potential                               | (41)                                   | (197)                                   | (154)                | (43)                   |
| ERDF + Digital Catapult                          | (42)                                   | (42)                                    | 0                    | (42)                   |
| Academic Health Science Network (AHSN)(LGF)      | (47)                                   | (135)                                   | (140)                | 4                      |
| Energy Accelerator                               | (143)                                  | (143)                                   | (85)                 | (58)                   |
| Energy Strategy BEIS / TVCA (Strat & Policy)     | (277)                                  | (258)                                   | (234)                | (24)                   |
| Innovation Challenge Covid                       | (313)                                  | (313)                                   | (273)                | (41)                   |
| Future Markets Accelerator Fund                  | 0                                      | 0                                       | (34)                 | 34                     |
| Challenge North of Tyne                          | 0                                      | 0                                       | (18)                 | 18                     |
| Brexit Policy Work Programme (Strat & Policy)    | (144)                                  | (40)                                    | (40)                 | 0                      |
| Trade and Export Strategy                        | (46)                                   | (70)                                    | (70)                 | 0                      |
| NP11   | 0                                      | (30)                                    | (60)                 | 30                     |
| European Social Fund North East Ambition 1       | (1,378)                                | (203)                                   | (397)                | 194                    |
| European Social Fund North East Ambition 2       | 0                                      | (845)                                   | (614)                | (231)                  |
| Enterprise Adviser grant - CEC                   | (617)                                  | (397)                                   | (509)                | 111                    |
| Education Challenge                              | (115)                                  | (115)                                   | (94)                 | (21)                   |
| EY Foundation                                    | (86)                                   | (85)                                    | (108)                | 23                     |
| DfE  | (137)                                  | (137)                                   | (172)                | 36                     |
| DFE - One Vision                                 | (351)                                  | (351)                                   | (207)                | (144)                  |
| Future Markets Accelerator Fund                  | 0                                      | (79)                                    | 0                    | (79)                   |
| NEIF Contribution to cover activity costs        | (418)                                  | (485)                                   | (330)                | (154)                  |
| EZ Contribution to cover activity costs          | (96)                                   | (236)                                   | (128)                | (108)                  |
| LA Contributions re ESIF Co-ordinator            | (20)                                   | (20)                                    | (20)                 | 0                      |
| Contribution Pension - NTCA                      | (168)                                  | (154)                                   | (146)                | (8)                    |
| Other Income                                     | (100)                                  | (100)                                   | (70)                 | (30)                   |
| <b>EXTERNAL FUNDING</b>                          | <b>(7,014)</b>                         | <b>(7,342)</b>                          | <b>(6,765)</b>       | <b>(577)</b>           |
| <b>GROSS INCOME</b>                              | <b>(7,764)</b>                         | <b>(8,092)</b>                          | <b>(7,515)</b>       | <b>(577)</b>           |
| <b>NET BUDGET</b>                                | <b>142</b>                             | <b>(136)</b>                            | <b>(88)</b>          | <b>(48)</b>            |
| <b>BROUGHT FORWARD BALANCE</b>                   | <b>(613)</b>                           | <b>(613)</b>                            | <b>(613)</b>         |                        |
| <b>Use or (Contribution) LEP Reserves</b>        |  | <b>(136)</b>                            | <b>(88)</b>          |                        |
| <b>EZ Contribution</b>                           | <b>(142)</b>                           | <b>0</b>                                | <b>0</b>             |                        |
| <b>CARRY FORWARD BALANCE</b>                     | <b>(613)</b>                           | <b>(749)</b>                            | <b>(702)</b>         |                        |

## 2.4 Expenditure

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 key variances making up this underspend are detailed below:

### 2.5 Employee Costs

Employee expenditure totalled £3.335m, which is £0.018m lower than the revised budget position however, it is £0.365m lower than the original budget position taken to the May 2021 LEP Board at the beginning of the financial year. This underspend reflects staff leaving the organisation and a hold on recruitment to fill vacant posts pending the outcome of the LEP Review.

### 2.6 Other Operational Costs funded from Core Budget

Other operational expenditure budgets reflect additional budget provision, funded from LEP Core Funding, provided to the individual sectors to fund key supplementary operational activity. This budget area reflects an underspend of £0.227m against a budget of £0.674m. This variance is mainly due to a cautious approach to spend on some operational activities pending the LEP Review. The sector teams have requested to carry forward any surplus budget to meet salary funding and operational activity in future years.

### 2.7 Business Growth Team Operational Costs

The Business Growth Team operational costs includes Growth Hub, Made Smarter, Peer Networks and LGF High Potential. All of these areas have specific related funding attached. Peer Networks is reflecting grant reduction of £0.063m against operational costs due directly to five cohorts being handed back to BEIS from the 26 allocated for the year, this was due to difficulty experienced in recruiting the required number of participants within the timeframe. Other operational expenditure on areas within the Business Growth Team is as anticipated within budget.

### 2.8 Energy Strategy Budgets

The Energy Team is funded from various funding streams such as, LGF, ERDF, contributions from North of Tyne and Tees Valley Combined Authorities and the Offshore Renewable Energy Catapult (OREC). Funding mainly covers salary costs with some operational costs in relation to commissioning costs and studies. A small underspend of £0.033m is reflected on operational expenditure.

### 2.9 Strategy, Policy and Analysis

The key areas of activity within the Strategy, Policy and Analysis Team are EU Exit Policy and work programme, Trade and Export and NP11. Operational activity in this area reflected an underspend in relation to the EU Exit activity.

### 2.10 Skills Team

The Skills Team covers a number of funding streams, ESF North East Ambition, Careers and Enterprise Company (CEC), EY and DfE One Vision and DfE Skills Advisory Panel. Expenditure on operational activity across the various funding streams totalled £0.796m, reflecting an overspend against budget of £0.210m. This overspend on operational activity is fully funded from

the respective grant funding streams in year, the variance to January budget is more of a reflection of a change in the balance of spending to cover more operational activity.

#### 2.11 Innovation Team

The Innovation Team were successful in their bids for grant funding in relation to two key schemes Future Markets Acceleration Fund through CRF (Community Renewal Fund) and Challenge North of Tyne. In addition to this the Team delivered the Innovation Challenge Covid LGF Scheme (£0.272m).

#### 2.12 Invest North East England Contribution

Previously the North East LEP has contributed £0.140m towards the Invest North East England Team funded from interest on funds invested. The level of LEP funding has declined with LGF funding ceasing in March 2021, therefore, the LEP is meeting this cost from the Enterprise Zone account.

#### 2.13 Investment Team

The Investment Team manages the following four funding streams: LGF, GBF, NEIF and the Enterprise Zone account, as well as the new Commercial Property Investment Fund (CPIF). Operational activity in this area was £0.670m in total and relates to commissioning activity and external advice to support programme delivery.

#### 2.14 Income

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 reduction in gross income reported at year end links directly to reduced expenditure on salary and operational activity. The key areas of underspend against budgeted funding relate to DfE One Vision (£0.143m) with any surplus funding carried forward for delivery in future years. NEIF and EZ funding (£0.262m) is also lower than anticipated spend on delivery.

2.15 The Business Growth Team's funding amounted to £2.057m in total including Made Smarter Fund (£0.600m), Peer Networks (£0.314m) and Growth Hub Funding (£0.780m). Growth Hub Funding has been one of the core areas of delivery for the North East LEP and is an area identified as receiving reduced 50% less funding from Government in 2022/23.

2.16 The Skills Team funding amounted to £2.101m including ESF North East Ambition (£1.011m) and CEC Funding (£0.508m). Funding of £0.967m across all Skills Sector budgets has been carried forward to fund delivery in future years. It should be noted however, payment of the first three funding claims made to the ESF Managing Authority were substantially delayed due to DWP administration pressure. Assurance was provided that the claims would be paid in full, and operations should continue on Programme. All claims are now fully paid and up to date.

2.16 As mentioned in 2.11 the Innovation Team drew in funding for delivery on the CRF Future Market Acceleration Fund (£0.358m, £0.334m in 2022/23) and Challenge North of Tyne, total funding £0.879m, £0.498m in 2022/23 and

£0.363m in 2023/24. The current financial year showed the initiation of this project delivery with £0.034m income in relation to the CRF Future Market Acceleration Fund and £0.018m income in relation to Challenge North of Tyne drawn in to recover salary and overheads in the last two months of the financial year. LGF funding was also utilised to deliver on the Innovation Challenge Covid Scheme (£0.272m).

### 3. North East LEP Revenue Balances

- 3.1 Table 2 below shows the North East LEP revenue balance as at 31<sup>st</sup> March 2022. The reserve has increased by £0.088m over the year to £0.702m (rounded).

Table 2 – Revenue Balances

| <b>Budget Area</b> | <b>Opening Balance<br/>£000</b> | <b>Movement in<br/>2021/22<br/>£000</b> | <b>Closing Balance<br/>£000</b> |
|--------------------|---------------------------------|---|---------------------------------|
| LEP Reserve        | 613                             | 88                                      | 702                             |

### 4. North East Enterprise Zones

- 4.1 Round 1 Enterprise Zones (EZ) are located across four local authority areas: Newcastle, North Tyneside, Northumberland and Sunderland. Business rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25-year period with 2021/22 being the ninth year of the Round 1 EZ life.
- 4.2 In April 2017 these were joined by a further ten sites across, Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland with the International Advanced Manufacturing Park (IAMP) site launched on the 1<sup>st</sup> April 2018 to complete the coverage. With the exception of the IAMP, it is the fourth year of the round 2 sites life. Ramparts (Northumberland), and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2021/22, as the result of occupation on parts of the sites requiring no capital investment to enable occupation to occur.
- 4.3 The 2021/22 EZ Account Outturn figures are summarised in Table 3 below, which shows business rate income in 2021/22 of £2.953m for the year, which is higher than the previous year, but £1.208m lower than the estimate for the year. This is mainly because the rateable value of buildings on two of the EZ sites (Newcastle International Airport and the IAMP EZ sites), have not had their rateable values assessed by the Valuation Office and the rateable value of the Faltec building on the IAMP site has only just been received. The estimated business rate income due from these sites for 2020/21 and 2021/22, but now receivable in 2022/23 is £2.020m, as summarised in Table 4. When this income is taken into account, the business rates income figure for 2021/22 would have been higher than the budget estimate of £4.161m.

- 4.4 In terms of other reductions in business rate income, - the lower income on the Swans' site is due to a backdated rateable value reduction on one building and a number of empty units in the refurbished CFI building; and a delay in the completion and occupation of the new buildings on the Holborn 1 site until 2022/23.
- 4.5 In terms of capital financing costs, the outturn figure of £2.171m includes in year interest costs paid to councils for projects in construction (£0.096m), annuity loan borrowing costs (of £1.436m) paid to councils and NECA, funding in year feasibility costs (£0.119m) and repayment of NEIF loans (£0.519m) previously used to fund capital costs on EZ sites. Capital financing costs are slightly lower than the estimate due to slippage of capital expenditure in the year resulting in lower interest payments to councils.

Table 3: Enterprise Zone Account 2021/22 Outturn

|  | 2020/21<br>Actual | 2021/22<br>Estimate | 2021/22<br>Actual | Variation       |
|--|-------------------|---------------------|-------------------|-----------------|
|  | £000              | £000                | £000              | £000            |
| <b>ROUND 1 EZ SCHEMES</b>                      |                   |                     |                   |                 |
| Newcastle - Neptune Yard                       | 537               | 593                 | 638.8             | 45.8            |
| North Tyneside - Swans                         | 143               | 217                 | 157.9             | -59.1           |
| Northumberland - Blyth Estuary / Port of Blyth | 334               | 326                 | 319.1             | -6.9            |
| Sunderland A19 Corridor                        | 628               | 692                 | 830.7             | 138.7           |
|  |                   |                     |                   |                 |
| <b>ROUND 2 EZ SCHEMES</b>                      |                   |                     |                   |                 |
| Durham - Jade                                  | 51                | 142                 | 185.1             | 43.1            |
| Gateshead - Follingsby                         | 255               | 1,289               | 258.6             | -1,030.4        |
| Newcastle - International Airport              |                   | 137                 | -                 | -137.0          |
| Northumberland - Ramparts (Berwick)            | 34                | 38                  | 34.5              | -3.5            |
| South Tyneside - Holborn                       |                   | 60                  |                   | -60.0           |
| Sunderland/ South Tyneside IAMP                | 581               | 667                 | 527.9             | -139.1          |
| <b>TOTAL BRGI</b>                              | <b>2,563</b>      | <b>4,161</b>        | <b>2,953</b>      | <b>-1,208.4</b> |
| Interest                                       | 14                | 15                  | 15.0              | 0.0             |
| <b>Total Income</b>                            | <b>2,577</b>      | <b>4,176</b>        | <b>2,968</b>      | <b>-1,208.4</b> |
| <b>Expenditure</b>                             |                   |                     |                   | 0.0             |
| Capital Financing Costs                        | 1,805             | 2,174               | 2,170.7           | -3.3            |
| Revenue Operating Costs                        | 99                | 108                 | 95.5              | -12.5           |
| Contribution to INEE Team Costs                | 65                | 157                 | 157.0             | 0.0             |
| <b>Total Costs</b>                             | <b>1,969</b>      | <b>2,439</b>        | <b>2,423.2</b>    | <b>-15.8</b>    |
| <b>Annual Surplus</b>                          | <b>608</b>        | <b>1,737</b>        | <b>544.4</b>      | <b>-1,192.6</b> |
| <b>Use of the Surplus</b>                      |                   |                     |                   |                 |
| - Project Development Fund                     | -                 | 500                 | -                 | 500.0           |
| <b>Cumulative Pooled Surplus.</b>              | <b>3,655</b>      | <b>4,892</b>        | <b>4,199.4</b>    | <b>-692.6</b>   |

Table 4 – Estimated Business Rates 2022/23

| <b>Estimated Rates due in 2022/23</b> | <b>2020/21</b> | <b>2021/22</b> | <b>Total</b> |
|---------------------------------------|----------------|----------------|--------------|
|                                       | <b>£000</b>    | <b>£000</b>    | <b>£000</b>  |
| Newcastle International Airport       | 88             | 152            | 240          |
| Gateshead - Follingsby                |                | 1,174          | 1,174        |
| South Tyneside/Sunderland - IAMP      | 404            | 202            | 606          |
|                                       | <b>492</b>     | <b>1,528</b>   | <b>2,020</b> |

- 4.6 Revenue operating costs were lower than the estimate for the year and the contribution to the INEE team was in line with the budget for the year.
- 4.7 The Revenue Account generated an in-year surplus of £0.544m, which increased the cumulative surplus to £4.199m.
- 4.8 The original approved budget for the year envisaged that the EZ surplus could be used to meet up to a £0.5m contribution to the LEP annual budget and could fund up to £1.5m of Development Fund projects. In January it became clear that a contribution to the LEP budget would not be required in 2021/22 and the estimate of funding for potential Development Fund costs was reduced to £0.5m. The actual Development Fund costs in 2021/22 were lower than anticipated and have been fully met in the first instance by the approved budget contribution from the NEIF. As a result, the EZ surplus has not been used in 2021/22 and will be carried over in full to 2022/23.
- 4.9 Capital expenditure and the cost of feasibility studies in 2021/22 was lower than anticipated at £4.690m. Expenditure to be funded by EZ loans slipped back into future years as the use of grant funding from the LGF and GBF were taken up first before the use of EZ funding.

Table 5: Capital Expenditure and Feasibility Costs in 2021/22

|  | Previous Forecast | 2021/22 Outturn | Variation      |
|--|-------------------|-----------------|----------------|
| <b>ROUND 1 EZ SCHEMES</b>                                  | £000              | £000            | £m             |
| Northumberland, Port of Blyth - Bates site                 | 60.8              | 60.8            | -              |
| Port of Tyne Royal Quays Feasibility                       | 1.6               | 1.6             |                |
| Northumberland - Energy Park (East Sleekburn) site         | 893.8             | 1,092.3         | 198.5          |
| <b>ROUND 1 TOTAL</b>                                       | <b>956.2</b>      | <b>1,154.7</b>  | <b>198.5</b>   |
| <b>ROUND 2 EZ SCHEMES</b>                                  |                   |                 |                |
| Newcastle - International Airport - Phase 1                | 38.6              | 34.3            | (4.3)          |
| Newcastle - International Airport - Site A Master Planning | 50.0              | 40.4            | (9.6)          |
| Northumberland - Ashwood Business Park                     | 1,162.2           | 1,060.5         | (101.7)        |
| Northumberland - Fairmoor (Feasibility Study)              | 27.2              | 9.0             | (18.2)         |
| South Tyneside - Holborn Phase 1                           | 12.4              | 12.4            | -              |
| South Tyneside - Holborn Phase 2 Feasibility               | 68.4              | 68.4            |                |
| South Tyneside - Holborn Phase 2 (Tyne Dock)               | 1,900.0           | 1,900.0         | -              |
| Sunderland - Port of Sunderland                            | 697.0             | 410.1           | (286.9)        |
| <b>ROUND 2 TOTAL</b>                                       | <b>3,955.9</b>    | <b>3,535.1</b>  | <b>(420.7)</b> |
| <b>TOTAL Investment</b>                                    | <b>4,912.0</b>    | <b>4,689.8</b>  | <b>(222.2)</b> |

## 5. Local Growth Fund

- 5.1 The LGF programme delivered over £8.100m of activity during 2021/22 across the SEP themes utilising the LGF legacy grant funding available, of which £0.601m related to project management costs.

### Getting Building Fund

- 5.2 The GBF programme fully expended the budget allocation of £23.5m with project spend exceeding £25.6m. The outturn position is considerably lower than what had been anticipated throughout the year (£30.6m), this being due to underspends across a number of projects, £0.358m related to project management costs. Returned GBF funding swaps money from 2020/21 and local funding from the NEIF/EZ account will be used to fund expenditure falling in 2022/23 and 2023/24.

### North East Investment Fund

- 5.3 The NEIF's initial £55m allocation was made up of £25m Growing Places and £30m Regional Growth Funding (RGF). The Regional Growth Funding element had originally tighter restrictions on how it was used, however, we worked with government to close the original RGF programme and release this funding to be used to support the Commercial Property Investment Fund (CPIF). The NEIF supports a number of projects through loans which are now making repayments, recycling the funding available for reinvestment in new projects and other opportunities.
- 5.4 To support projects within the programme, opportunity is available to suspend loan repayment within an agreed time frame in line with Government loan deferral schemes. This is being made available upon request and some requests for loan rescheduling were received and considered. Projects where

loan rescheduling has been approved continue to make regular payments of interest and contributions to principal repayment.

- 5.5 The commitment of up to £10m approved for the NorthEast Property Development Fund in 2020/21 resulted in £7.5m being drawn against the facility in 2021/22. The additional funding for the North East Property Development Fund operated by FW Capital Ltd, supports small developers in the region to bring forward residential and commercial development with investment of up to £2m on a secured basis. To the end of March 2022, FW Capital as Fund Manager for the North East Property Fund, had been successful in bringing forward 39 investments since 2018 when the fund started with no defaults, creating 128 jobs, 163 housing units and 3,504sq m of commercial floorspace.

### **Commercial Property Investment Fund (CPIF)**

- 5.6 At the year-end some £20.3m is available from the NEIF to support new activity. This is envisaged to be used to fund Inward Investment Activity and to support the proposals for a new Commercial Property Investment Fund, which has been previously agreed by the Board. CPIF has been developed during the year with revenue spend for 2021/22 of £0.218m to enable the successful procurement of a fund manager for the CPIF, with its launch to take place shortly. It is estimated that the £35m CPIF investment which will be made over the four years (including other NEIF returned funds and cash flow) will be loaned out several times (three or more cycles are envisaged) and repaid in full at the end of the 15-year period, plus interest of c£10.3m and the potential of surplus of £6m, potentially rising to £8m if the bad debt provision is not called upon.

## **6 LEP Revenue Budget 2022/23 to 2023/24**

- 6.1 The budget position for 2022/23 was reported to the North of Tyne Combined Authority (NTCA) as the accountable body for the North East LEP on 25 January 2022, and the North East LEP Board on 28 January 2022. Since then, the Government issued their Levelling Up White Paper and subsequently the outcome of the LEP Review.
- 6.2 The key point coming out of the LEP Review was that every LEP across the country are entering a period of transition over the coming years as Government works with local areas on devolved deals. In terms of budgetary implications included within the LEP Review two key funding streams are being reduced this financial year: Growth Hub funding from £0.780m to £0.390m and LEP Core funding reduced from £0.500m to £0.375m. The 2022/23 and 2023/24 budget detailed in Table 6 takes account of the reduced funding, the proposed staffing efficiencies to be made and the related redundancy costs. This report will be reported to the North of Tyne Combined Authority (NTCA) Cabinet on 7 June 2022, as accountable body for the North East LEP.
- 6.2 Table 6 overleaf, provides a summary of the revenue budget for the North East LEP showing financial years 2022/23 and 2023/24.

**Table 6 North East LEP Revenue Budget 2022/23, 2023/24**

|  | 2022/23<br>(May 2021) | 2022/23<br>Indicative<br>Budget<br>(Jan 2022) | 2022/23<br>Base Budget | 2023/24<br>Base Budget |
|--|-----------------------|---|------------------------|------------------------|
|  | £'000                 | £'000   | £'000                  | £'000                  |
| Employees  | 3,557                 | 3,332   | 3,171                  | 2,710                  |
| Premises   | 207                   | 228   | 207                    | 207                    |
| Communications   | 250                   | 250   | 200                    | 200                    |
| Other Operational Costs                                    | 600                   | 619   | 737                    | 600                    |
| Reduction in Operational Costs                             | 0                     | 0   | (150)                  | (150)                  |
| Redundancy including Strain on the Fund                    | 0                     | 0   | 62                     | 0                      |
| Growth Hub Operational Costs                               | 184                   | 244   | 229                    | 229                    |
| Business Growth Operational Costs c/f                      | 0                     | 0   | 69                     | 0                      |
| Peer Networks  | 160                   |   | 0                      | 0                      |
| Made Smarter   | 217                   | 437   | 473                    | 466                    |
| LGF High Potential Operational                             | 0                     | 0   | 40                     | 0                      |
| Academic Health Science Network (AHSN)                     | 0                     | 0   | 48                     | 0                      |
| North East Ambition Operational (ESF) 1                    | 0                     | 0   | 59                     | 30                     |
| North East Ambition Operational (ESF) 2                    | 175                   | 135   | 126                    | 90                     |
| Skills Operational CEC, EY CITE                            | 169                   | 320   | 316                    | 0                      |
| Brexit Policy Work Programme                               | 54                    | 27  | 0                      | 0                      |
| Trade and Export Strategy                                  | 0                     | 6   | 10                     | 0                      |
| Challenge North of Tyne                                    | 0                     | 0   | 438                    | 335                    |
| Future Markets Acceleration Fund                           | 0                     | 68  | 323                    | 0                      |
| Inward Investment Contribution                             | 0                     | 0   | 0                      | 0                      |
| EZ NEIF Costs  | 94                    | 100   | 100                    | 100                    |
| LGF Project Management                                     | 22                    | 22  | 22                     | 27                     |
| Getting Building Fund Project Management                   | 61                    | 90  | 61                     | 25                     |
| <b>GROSS EXPENDITURE</b>                                   | <b>5,750</b>          | <b>5,878</b>                                  | <b>6,539</b>           | <b>4,870</b>           |
| LEP Core & Strategy Grant from DCLG                        | (500)                 | (500)   | (375)                  | (375)                  |
| Local Authority Match Contributions                        | (250)                 | (250)   | (250)                  | (250)                  |
| <b>CORE FUNDING</b>  | <b>(750)</b>          | <b>(750)</b>                                  | <b>(625)</b>           | <b>(625)</b>           |
| Local Growth Fund (Programme Mgmt)                         | (240)                 | (512)   | (431)                  | (414)                  |
| Getting Building Fund (Programme Mgmt)                     | (196)                 | (201)   | (195)                  | (37)                   |
| Interest Generated on Funds                                | (110)                 | (110)   | (110)                  | (70)                   |
| Growth Hub   | (700)                 | (780)   | (390)                  | (390)                  |
| GH Business Support C/F                                    | 0                     | (154)   | (69)                   | 0                      |
| Peer Networks  | (410)                 | 0   | 0                      | 0                      |
| Enterprise Adviser grant - CEC                             | (249)                 | (260)   | (715)                  | (220)                  |
| Academic Health Science Network (AHSN)                     | (76)                  | (76)  | (48)                   | (48)                   |
| NEIF Contribution to cover activity costs                  | (110)                 | (110)   | (147)                  | (148)                  |
| EZ Contribution to cover activity costs                    | (87)                  | (87)  | (32)                   | (32)                   |
| Education Challenge  | 0                     | 0   | (21)                   | 0                      |
| North East Ambition 1 (ESF)                                | (1,145)               | (167)   | (169)                  | (110)                  |
| North East Ambition 2 March 2023                           |                       | (896)   | (859)                  | (540)                  |
| FRIC Monies  | 0                     | 0   | (321)                  | (134)                  |
| DfE  | (75)                  | 0   | (79)                   | 0                      |
| LGF High Potential   | 0                     | 0   | (40)                   | 0                      |
| Brexit Policy Work Programme                               | (90)                  | (67)  | (34)                   | 0                      |
| NTCA Funding of Brexit Work Programme                      | 0                     | 0   | (58)                   | 0                      |
| Trade and Export - World Wide Chamber                      | 0                     | (6)   | (10)                   | 0                      |
| Made Smarter   | (288)                 | (600)   | (600)                  | (600)                  |
| Energy Accelerator   | (143)                 | (180)   | (180)                  | (139)                  |
| Energy Strategy BEIS/TVCA, RCEF, OREC Misc.                | (170)                 | (163)   | (64)                   | (63)                   |
| DFE - One Vision   | (131)                 | (192)   | (192)                  | 0                      |
| Challenge North of Tyne                                    | 0                     | 0   | (498)                  | (363)                  |
| Future Markets Acceleration Fund                           | 0                     | (68)  | (334)                  | 0                      |
| Contribution Pension - NTCA                                | (160)                 | (145)   | (132)                  | (117)                  |
| Other Income   | (100)                 | (100)   | (100)                  | (100)                  |
| <b>EXTERNAL FUNDING</b>                                    | <b>(4,478)</b>        | <b>(4,874)</b>                                | <b>(5,829)</b>         | <b>(3,525)</b>         |
| <b>GROSS INCOME</b>  | <b>(5,228)</b>        | <b>(5,624)</b>                                | <b>(6,454)</b>         | <b>(4,150)</b>         |
| <b>NET BUDGET</b>  | <b>522</b>            | <b>254</b>                                    | <b>85</b>              | <b>719</b>             |
| <b>Increase in LEP Reserve/(Contribution from Reserve)</b> |                       |   |                        | <b>(117)</b>           |
| <b>EZ Reserve (Contribution)</b>                           | <b>(522)</b>          | <b>(254)</b>                                  | <b>(85)</b>            | <b>(500)</b>           |
| <b>LEP savings/LEP income</b>                              |                       |   |                        | <b>(102)</b>           |
| <b>B/F LEP RESERVE</b>                                     | <b>(613)</b>          | <b>(613)</b>                                  | <b>(702)</b>           | <b>(617)</b>           |
| <b>C/F LEP RESERVE</b>                                     | <b>(613)</b>          | <b>(674)</b>                                  | <b>(617)</b>           | <b>(500)</b>           |

- 6.3 The 2022/23 LEP base budget includes a reduction of £0.437m in salary costs. The employee expenditure line also includes the Chair's salary and operational expenses. In addition, operational budgets have been reduced by £0.200m (£0.150m from core operations and £0.050m from communications operations), the budget of £0.737m includes £0.137m of carry forward from 2021/22 core operational budgets. Over the two years, if no additional income is identified the costs are estimated to exceed the available grant and core contributions income by up to £0.085m in 2022/23 and £0.719m in 2023/24. The deficit of £0.085m in 2022/23 is funded from the EZ account. In 2023/24 £0.117m from the LEP reserve reducing this to a prudent level of £0.500m £0.500m from EZ Reserve and the balance of £0.102m to be met from either future LEP funding sources or efficiencies. Funding support of £0.500m per annum from the EZ account has previously been agreed by the Board. This enables the potential risk of not securing additional income to be managed. However, this approach has been proven over the last few years, as where a deficit is shown at the beginning of the year, the LEP has to date secured additional funding to close the gap over the course of the year.
- 6.4 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income (EZ BRGI) surplus of up to £0.500m per annum could be utilised to support the revenue budget if required. To date there has not been a requirement to use this facility and therefore in effect saving £2.500m of potential spend from the EZ account. However, due to the anticipated drop in funding and core funding potentially remaining fixed at the same level, coupled with the increased salary costs due to pay increment commitments it is anticipated that £0.085m will be required from the £0.500m EZ BRGI allocation in 2022/23 and a further £0.500m (as explained in 6.3 above) in 2023/24 to maintain a prudent LEP Reserve balance of £0.500m at 31<sup>st</sup> March 2024.
- 6.5 There are active funding bids which if successful will provide additional income and reduce the potential drawdown against the LEP reserve and EZ account, which has been the case in preceding years and has to date been a successful approach.
- 6.6 The LEP manages the uncertainty of funding by using some fixed term staffing contracts and by being able to reduce other operating costs to reflect the available funding streams; and by the availability of reserves and other funds which it can draw on to support activity, such as the use of the agreed EZ contingency contribution, which is illustrated in table 6 above. The opportunity to draw on the EZ reserve, if necessary, helps compensate for the uncertainty of other income streams. In recent years, this contingency has not been called upon as other income streams have been confirmed or new income streams have been identified.
- 6.7 Employee budgets have factored in 3% pay award increase in anticipation of the rises in inflation. National Insurance has also been amended for the additional 1.25%. A staff turnover allowance of 3% has been factored into the employee budget for all three financial years, which is considered prudent given experience in recent years.
- 6.8 The NECA pension fund enabled the LEP to benefit from a 0% employer superannuation contribution rate which provided a significant budget saving.

The change in accountable body status to NTCA, has meant an employer superannuation contribution rate of 5.2% is now applicable, however, in order to maintain the saving benefit to the LEP the NTCA are providing a contribution at the same level to achieve a net budget impact (£0.132m in 2022/23, £0.117m in 2023/24).

- 6.9 Contribution to Invest North East England £0.140m funded from interest on balances has been removed with funding for this to be met from the EZ account from 2022/23.
- 6.10 The Communications' team operational budget for 2022/23 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2017 with a slight reduction of (£0.050m). Key aspects of the budget include development of the communications' activity related to delivering the SEP plus the continuation of essential PR & Media support.
- 6.11 Despite LEP Core funding from Government reducing to £0.375m, the Local Authority Match Contribution requirement of £0.250m is assumed to continue at the same level.
- 6.12 As previously agreed by the Board, a 2.6% top-slice of the Local Growth Fund allocation is available to support the delivery of the programme, primarily LEP team staffing costs. Although the LGF programme officially ended in March 2021, by using funding SWAPs, revenue funds will be available in 2022/23 and 2023/24 to support extended activity. The drawdown of the balance of the top-slice budget is profiled to be made as follows:

Table 7 – LGF Management

|                          | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> |
|--------------------------|----------------|----------------|----------------|
|                          | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| LGF Programme Management | 618            | 431            | 414            |

- 6.13 As the annual LGF grant allocation is normally paid by Government in full at the beginning of the financial year, the cash balances held are able to attract interest (£0.140m in 2021/22). An estimate for each financial year is included within the budget, based on an assumption of the timing of LGF expenditure. The level of interest generated naturally reduces in line with the reducing LGF and GBF grant receipts in future years and also depends on the rate of interest that can be earned on fund balances. We will continue to seek to maximise the level of interest earned on cash flow balances and will update the estimate when the budget is reviewed during the year. It is unlikely that the continuation of circa £0.140m of interest can be earned on revenue balances in 2022/23 onwards and therefore the income budget has been reduced to £0.110m and £0.070m in 2022/23 and 2023/24 respectively.

## **9. Recommendations**

9.1 The Board is requested to:

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

**19 May 2022**

**Item 6: Governance update**

**1.0 Background**

1.1 This annual update sets out whether there are any proposed changes to governance matters. The paper covers:

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

**2.0 North East LEP Constitution**

2.1 The Constitution is available to read [here](#). There are no changes proposed for 2022/23.

**3.0 Scheme of Delegation**

3.1 The Scheme of Delegation is available to read [here](#) and there are no changes proposed for 2022/23. The North East LEP Board agreed this Scheme of Delegation in May 2021.

**4.0 Board and sub-board membership**

4.1 In accordance with the Constitution, we have requested the following LEP Board nominations from each of the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA):

- Three LEP Board members
- A Vice Chair from the pool of three nominated Board members
- One Board observer

4.2 We have also asked each Combined Authority for the following nominations for the sub-boards:

- One Investment Board member
- One Business Growth Board member

- One Innovation Board member
- One Skills Advisory Panel member

4.3 The nominations will be confirmed by each Combined Authority following their own meetings in June and the nominees will be invited to our next Board in July.

4.4 The current LEP Board membership is noted in the table below for reference:

|   |  |
|---|--|
| Lucy Winskell   | Chair  |
| Heidi Mottram   | Vice Chair   |
| Cllr Tracy Dixon  | Vice Chair, NTCA representative  |
| Mayor Norma Redfearn  | Vice Chair, NECA representative:   |
| Carole Botten   | One VCSE representative and also the Board's diversity champion  |
| Ammar Mirza*<br>Andrew Moffat<br>Gillian Hall<br>Erika Leadbeater<br>Mark Thompson<br>Kate Whickham | Private sector representatives, including the Chair.<br>*Note Ammar Mirza is the Board's SME Champion.                       |
| Ellen Thinnesen<br>Professor Chris Day  | One higher education representative and one representative of further education colleges (together the 'education members'); |
| Cllr Gannon<br>Cllr Miller<br>Cllr Hopgood**  | North East Combined Authority members and one observer** plus the Vice Chair above   |
| Cllr Forbes<br>Mayor Driscoll<br>Cllr Wearmouth**   | North of Tyne Combined Authority members and one observer** plus the Vice Chair above  |

4.5 Now that the LEP Review has reported, it is appropriate to commence recruitment for new members to fill the vacant positions on the Board. The Chair and Chief Executive have discussed the process and timeline for recruitment and propose that the recruitment process commences asap, aiming to have new members by the July Board meeting. The process will be open and transparent through an advertisement and social media campaign. The advertisement will be shared with all Board members prior to its promotion. It is then proposed that a shortlist is agreed by the Chair with the current three Vice Chairs, who will also form the nominations committee.

## **5.0 LEP Board meeting dates for 2022/23**

5.1 Board meetings are held on the last Thursday of the month from 5-7pm, except March meetings and July meetings where they are a week earlier due to the start of the pre-election period and summer school holidays respectively.

The dates for 2022/23 are therefore proposed to be:

- 21 July 2022
- 29 September 2022
- 24 November 2022
- 26 January 2023
- 23 March 2023
- 25 May 2023

Members are asked to confirm these dates for the following year, meeting at 5-7pm.

## **6.0 Recommendation**

6.1 The Board is recommended to:

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

## **7.0 Appendices**

7.1 None.

**16 May 2022**

**Item 9: Economic round up**

**1.0 Background**

- 1.1 The North East LEP is the 'go to' organisation for a wide range of economic data and intelligence on the North East economy, and is committed to ongoing development and dissemination of economic data sources and intelligence to help support informed discussion and decision making in the region.
- 1.2 We discuss, co-ordinate and review 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.
- 1.3 Each year we publish ***Our Economy***, our annual state of the region report which reviews approximately 200 data indicators on an annual rolling cycle, and provides an opportunity for 'deep-dive' review into a key thematic area. The presentation of ***Our Economy*** has become a 'set piece' opportunity for the North East LEP to review and share economic progress with partners in the region. More frequently we comment on key labour market data, providing ongoing commentary on the North East's performance on our key labour market indicators. We also publish associated regular updates against the six leading KPI's in the Strategic Economic Plan (SEP).
- 1.4 Alongside, we continue to develop the ***North East Evidence Hub*** as an open-source platform for key economic data, and access to a range of research and intelligence findings. We are currently investing into the Hub to extend and deepen its content and functionality to improve accessibility and visualisations, in order to provide a one-stop regional focus for economic data, evidence and intelligence.

**2.0 Purpose of paper**

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

- 2.2 At a time of continuing change and uncertainty, we are considering how best to provide the Board with a regular flow of headline data and commentary on the North East economy to help support discussion, strategic direction setting and decision making.
- 2.3 We are also working with LEP's and Combined Authorities from across the North of England through the new Northern Evidence Network, which is led by the North East LEP on behalf of the NP11, to consider how we can work together on the scope and scale of this output.

### **3.0 Headlines and key considerations**

- 3.1 Attached as appendix one is a summary of a selection of the most recent data releases and commentary from a number of sources, and aims to provide a potentially repeatable update across key priority areas within the SEP
- 3.2 It notes the following North East key economic headlines:
- There is concern amongst the business base in the region about national and international trends which are impacting on costs of doing business and of providing goods and services
  - The labour market trends which are impacting distinctively on the North East compared with other regions and localities are, in particular, the rate of growth in reported vacancies which is outstripping other places, and the growth in economic inactivity as residents leave the labour force
  - There is evidence of some recovery in export value and volume in the automotive sector in the last quarter of 2021, which is beginning to recover overall trade data
  - Consumer confidence is declining and there is concern about living standards looking forward, with the impact of inflation and increased energy costs on food and fuel security and family incomes expecting to impact on both business activity and poverty levels
- 3.3 Finally, the appended report reviews the position with respect of our key SEP indicators, showing how these trends are impacting on the region's performance against the six targets set down in the SEP. Whilst we continue to generate more and better jobs in the region, they are at lower levels compared to previous years, and progress on our 4 comparative targets has now reversed.

### **4.0 Recommendations**

- 4.1 The Board is recommended to:
- (i) Note and discuss this data and the issues raised in the report
  - (ii) Comment about whether a regular digest would be helpful in helping the Board monitor the overall development of our economy
  - (iii) Note that further information is available on the [North East Evidence Hub](#)

# Economic Round Up

May 2022

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## Economic Outlook

CPI inflation was at 7% in March 2022, predicted to peak at 8.5% in April and fall back to 6% by the end of 2022. 83% of households reported an increase in their cost of living in March 22 and the Consumer Confidence Overall Index Score decreased seven points to -38 in April 22.



## Labour Market

The North East region (including Tees Valley) continues to have low levels of employment, high economic inactivity and high unemployment, compared with other regions and our national comparator. The number of working age economically inactive people in the North East LEP area in 2021 was 25,500 higher than in 2020, an increase of about 9%.



## International Trade

North East goods exports increased in value by 5% (+130M) in Q4 2021. Road vehicle exports have started to recover. Pharmaceutical exports decreased in Q4 2021. however pharmaceuticals and energy exports remains at a higher level than previous years. Germany is now the North East's largest market



## Business Activity

North East businesses are concerned about inflation, energy prices, staff costs and interest rates. Most businesses say they are absorbing the cost of price rises, while some are passing price increases to customers, this is particularly affecting SMEs who sell to consumers instead of other businesses.

# North East economic summary

|  | Latest data   | Recent change  | Comparison with latest national data  | Recent change compared with national change   |
|--|---|--|---|---|
| Working age employment rate                    | <b>70.4%</b><br>(Jan 21-Dec 21)                       |  <b>Decrease by 0.7 ppts</b><br>(since Jan 19-Dec 19)                |  <b>Lower 75.2%</b><br>(England excl. London)        |  <b>Smaller ppt decrease than England excl. London</b><br>(-1.1ppts) |
| Working age economic inactivity rate           | <b>25.2%</b><br>(Jan 21-Dec 21)                       |  <b>Increase by 0.7 ppts</b><br>(since Jan 19-Dec 19)                |  <b>Higher 21.4%</b><br>(England excl. London)       |  <b>Smaller ppt increase than England excl. London</b><br>(0.8 ppts) |
| Claimant count rate (% of 16 to 64 population) | <b>4.7%</b><br>(Mar 22)                               |  <b>Increase by 0.3 ppts</b><br>(since Mar 20)                       |  <b>Higher 4.1%</b><br>(England excl. London)        |  <b>Smaller ppt increase than England excl. London</b><br>(1.1ppts)  |
| Regional GDP index (2016 = 100)                | <b>99.5</b><br>(Q2 2021) (North East region)          |  <b>Decrease by 0.8%</b><br>(since Q4 2019)                        |  <b>Lower 103.0</b><br>(England)                   |  <b>Smaller % decrease than England</b><br>(-2.6%)                 |
| Regional trade in goods (value)                | <b>£7,177 ph</b><br>(Q1 21-Q4 21) (North East region) |  <b>Decrease by 10.6%</b><br>(Q4 2021 compared to 2019 4Q average) |  <b>Higher £6,666 ph</b><br>(England excl. London) |  <b>Larger % decrease than England excl. London</b><br>(0.2%)      |

ppt: percentage point  
ph: per head

# Economic outlook

## GfK consumer confidence Barometer (April 21-22)



Expectations for the general economic situation over the coming 12 months have dropped by six points to -55; this is 44 points lower than April 2021.



The forecast for personal finances over the next 12 months has decreased eight points to -26; this is 36 points lower than this time last year



These scores are **lower** than during the 2008 financial **crash**

## Resolution Foundation

**54%**

On April 1st the fuel cap increased energy prices by 54%, it is estimated that this will put 5 million households into fuel stress

**7.4mn**

One third of households (7.4mn families) will be in fuel stress if the fuel cap hits £2500 by October. The North East has the highest percentage of households at risk

## Family Resources Survey

**21%**

The North East has the highest proportion of income from state support in the United Kingdom at 21%



The North East has the highest proportion of people reporting a disability in 2020 -2021 at 31%, the UK average is 22%



Households in the North East are the least likely to be food secure

## Economic Prospects Group Intelligence



GDP data for February 2022 shows an increase of 0.1%, growth. Expectations have been downgraded as inflation acts as a drag on GDP

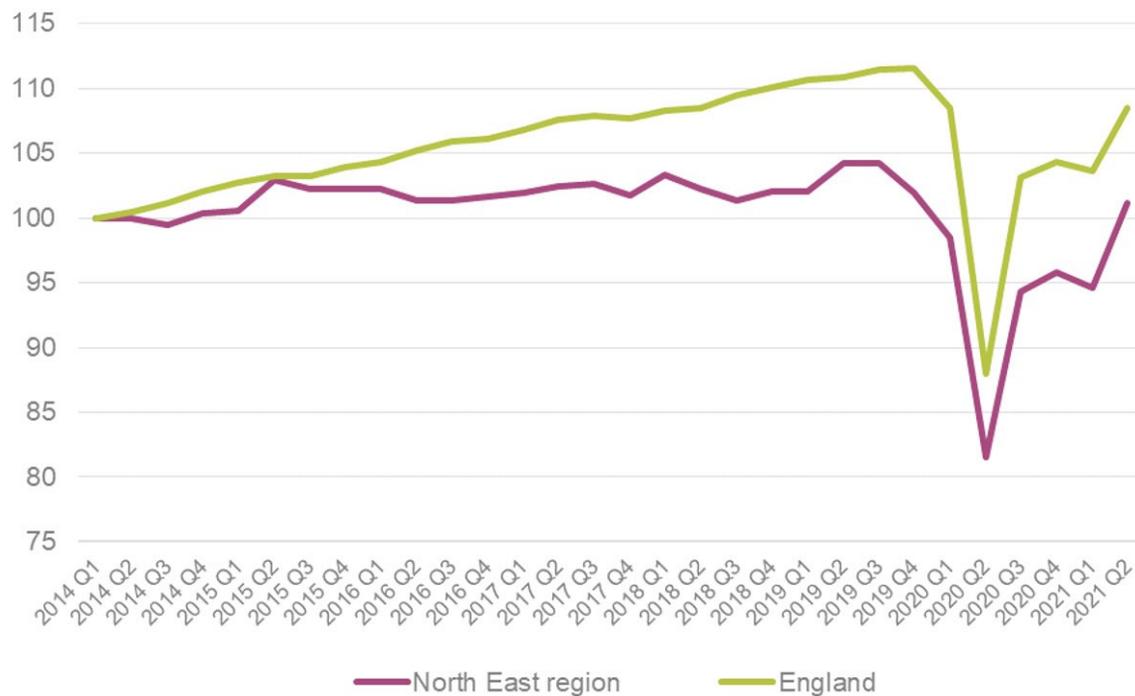
**7%**

GDP inflation figures (7% in March 22) are ahead of expectations, an increase in October's energy price caps and the impact of the Russia-Ukraine conflict is likely to increase inflationary pressures



Cost of living crisis is the largest overall concern at this time

# Key trends: regional GDP



## The latest North East regional GDP index (for the second quarter of 2021) :



GDP was at a level 1.1% higher than in Q1 of 2014 (England's level was 8.5% higher)



GDP was 24% higher than in Q2 of 2020, when the impacts of Covid were greatest (England's was 23% higher)



GDP was 1% lower than pre-Covid (Q4 of 2019) (England's was 3% lower)

## Pre-Covid trends:



Although the impact of Covid on GDP has been similar in the North East region to that in England, the trends in the period up to the start of 2020 had differed.



North East GDP in Q4 2019 was only 1.9% above the Q1 2014 level (England's was 11.5% higher)



It had decreased by 2.1% compared to Q3 of 2019 (England's increased by 0.1%)



North East GDP had only increased in ten quarters during the 2014 to 2019 period (In England it had increased in 21 or all but two)

# Labour market

## Regional Labour Market Data (Dec 21-Feb 22)



The North East is the only region with a significant decrease in employment rate (1.7 percentage points)



The North East unemployment rate also decreased by 0.4 percentage points



The region's economic inactivity rate rose by 2.2 percentage points. The rise in England as a whole was 0.2 percentage points

## Nomis Annual Population Survey



Between 2020 – 2021 the North East employment rate decreased by 1.5 percentage points, this is compared to a 0.5 percentage point fall for England excluding London



The North East economic activity rate also decreased by 2.2 percentage points in the same period, compared to a 0.7 percentage point fall in England excluding London



Despite the increase in overall North East economic inactivity the number of inactive people who stated that they wanted a job was lower in 2021 than in 2020

## ONS Economic Activity and Social Change in the UK



Total online job adverts in March 22 are at 135% of their February 2020 average level



Potential redundancies and number of employers proposing redundancies fell nationally by 7% and 3% respectively

**44%**

44% of businesses reported that hourly wages for existing employees were in line with normal expectations, while 11% reported wages to be higher

## Economic Prospects Group



Small decrease in North East unemployment and small increase in North East employment, expectations are that unemployment will fall in the short term then increase over the next 3 years



Noticeable wage pressure in March-April 2022 with increases of 5-6% compared to 3-4% earlier in the year

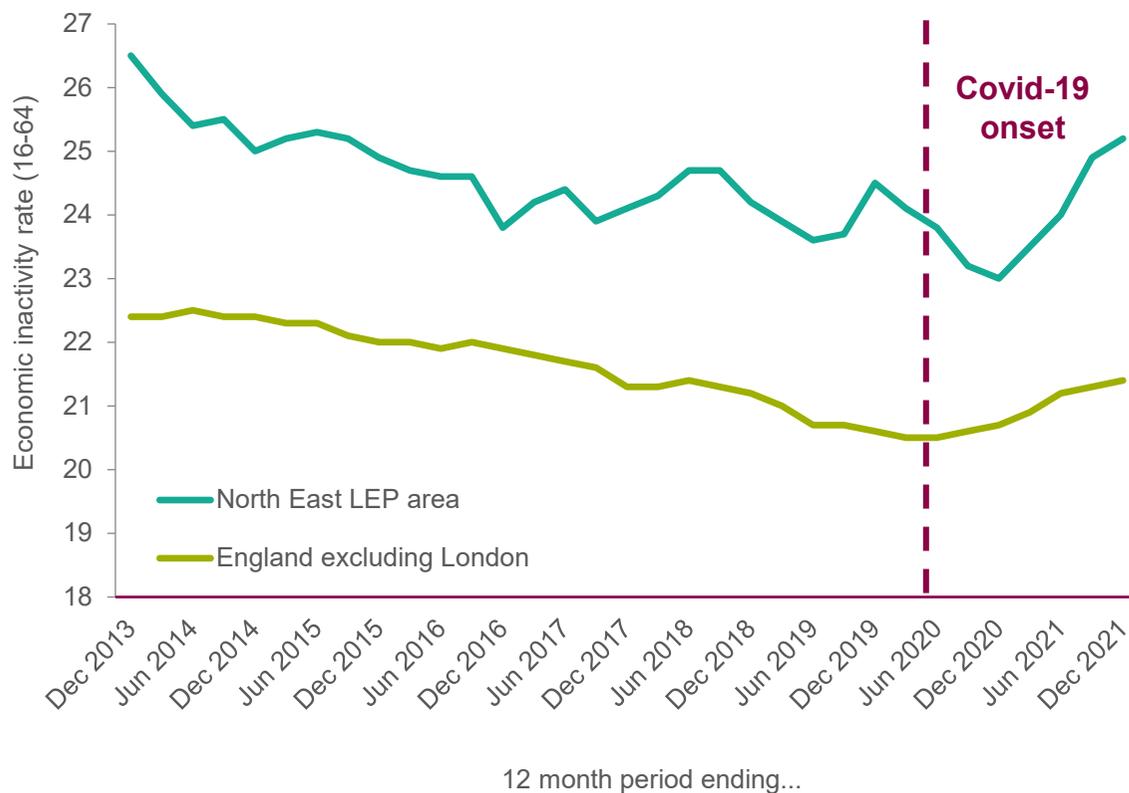


The net rise in employment in the last quarter was as a result of growth in employment of people aged over 65. There was no increase in those aged 18-64



Continued mismatch between vacancies and skills required

# Key trends: economic inactivity



The latest North East LEP area data (for the 12 month period Jan 21 – Dec 21):

**25.2%** of working age people (aged 16 to 64) were economically inactive (England excl. London 21.4%)



Increase has been the highest among females aged 20 to 24. Inactivity due to looking after family or home particularly increased over the year

North East LEP area working age (18-50) trends:



Rate decreased during early Covid period but was up 1.9 percentage points since Jan 20-Dec 20 (England excl. London up 0.6 percentage points)



The previous long-term trend had been a decrease, by 2.9 percentage points since 2014 (England excl. London down 1.7 percentage points)

North East LEP area older worker (50-64) trends:



The upward trend in older workers economic inactivity continued during Covid. The rate increased 4.0 percentage points since the Oct 18-Sep 19 period



The previous trend had been a sharp decrease, by 7.1 percentage points between 2014 and Oct 18-Sep 19 (England excl. London down 3.7 percentage points)

# International trade

## ONS Business Insights and Impact on the UK Economy (April 2022)



69% of potential North East exporters said that using rules of origin for EU exports had increased the amount of administration



34% of North East businesses said that they had experienced no extra costs due to the end of the EU transition period, 28% said they had experienced additional transportation costs

### Regional Trade in Goods data



Although the North East exports value increased in Q4 2021, this was the lowest quarterly change of all English regions.

## North East EU Exit Group



Russia and Ukraine are not significant markets for NE exports. Over the past 12 months, exports to Russia were 1.3% of the NE's total exports, and exports to Ukraine were 0.27% of the NE's total



Grain markets, Maize and cereal crops are likely to be affected by the long term impact of the Russia-Ukraine conflict



Potential impacts on cloud I.T. suppliers based in Germany and USA that are reliant on subcontractors in Ukraine, Russia, and Belarus.



Monitoring the impact of new Free Trade Agreements on the competitiveness of UK farming



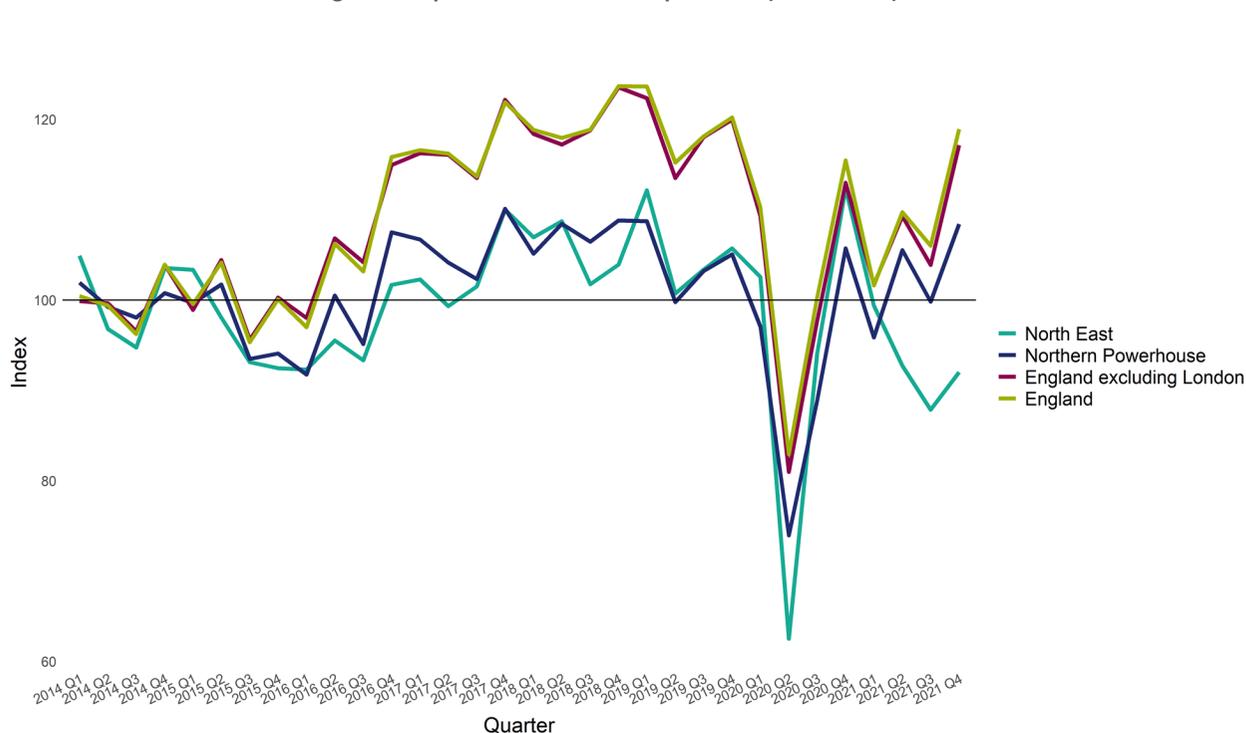
Agricultural rules for water use are exacerbated by rising fertilizer prices, not just oil and gas, experts are also monitoring the prices of pesticides

**80%**

More details are available for the replacement of EU funding for farming businesses, however there is still uncertainty. Businesses in the North East are 80% reliant on direct public support.

# Key trends: exports

Regional exports index and comparators (2014 = 100)



## The latest North East export totals (up to 2021 Q4):

- North East goods exports increased by 5% (+130M) in Q4 2021, the first quarterly increase in 2021.
- The North East quarterly change in Q4 (5%) was the lowest of all English regions and below the Northern Powerhouse (9%) and England excluding London (13%)
- North East exports in 2021 were 12% lower than 2019. They were 2% lower for the Northern Powerhouse and 9% lower for England excluding London

## Latest commodity exports trends (up to 2021 Q4):

- Road vehicles exports have declined by £1772M over two years (42%) Although the last quarter of 2021 saw a rise in automotive exports.
- Compared to the same period two years ago exports of commodities other than road vehicles have increased by £209M (2%)
- The three largest increases were Ores and metal scrap (48%), Non-ferrous metals (44%) and Pharma (25%)

## Latest market trends (up to 2021 Q4):

- Exports increased to both EU and Non-EU markets in Q4, by 4% and 6% respectively
- Exports to Germany have seen the largest increase since 2019, and Germany is now the North East's largest market

# Business activity

## North East Chamber of Commerce Quarterly Business Survey



64.5% of respondents attempted to recruit full time staff in Q1, compared to 59.7% in the previous quarter. This reflects a continued upward trend across the last 12 months



Price pressures from pay settlements have increased since last quarter (42.6% from 30.7%)

**68%**

Price pressures from raw materials also increased from last quarter (68.1% from 55.8%)

## ONS Recent challenges faced by food and drink businesses



60% of businesses surveyed from the food and drink business sector reported being affected by the rise in energy prices, this is compared with 38% across other sectors

## ONS Business Insights and Impact on the UK Economy (April 2022)



The most common concerns amongst North East businesses were inflation of goods and services prices (28%) and energy prices increases (25%)  
42% of businesses said they had been affected by the recent increase of energy prices

## Economic Prospects Group



Manufacturing and chemical businesses seem to be holding back investment in Net Zero due to energy and commodity costs



SMEs are beginning to pass costs on to customers, this is more of an issue for B2C than B2B businesses



Newcastle has a good event schedule for 2022 which looks positive for regional tourism



Hotel occupancy and forward bookings are positive, however hotels and venues are facing increasing costs which is limiting their ability to increase profits

## A CBI Economics report commissioned by the North East LEP found the following:



Global FDI in the first half of 2021 rebounded to 850-870 billion, double the level in the first half of 2020



Investor confidence has grown most obviously in infrastructure investment



UK business investment remained 12.4% below its pre-pandemic (Q4 2019) level in Q2 2021



41% of one survey's respondents plan to invest in the UK over the next 12 months, making the UK the most attractive place to invest in Europe



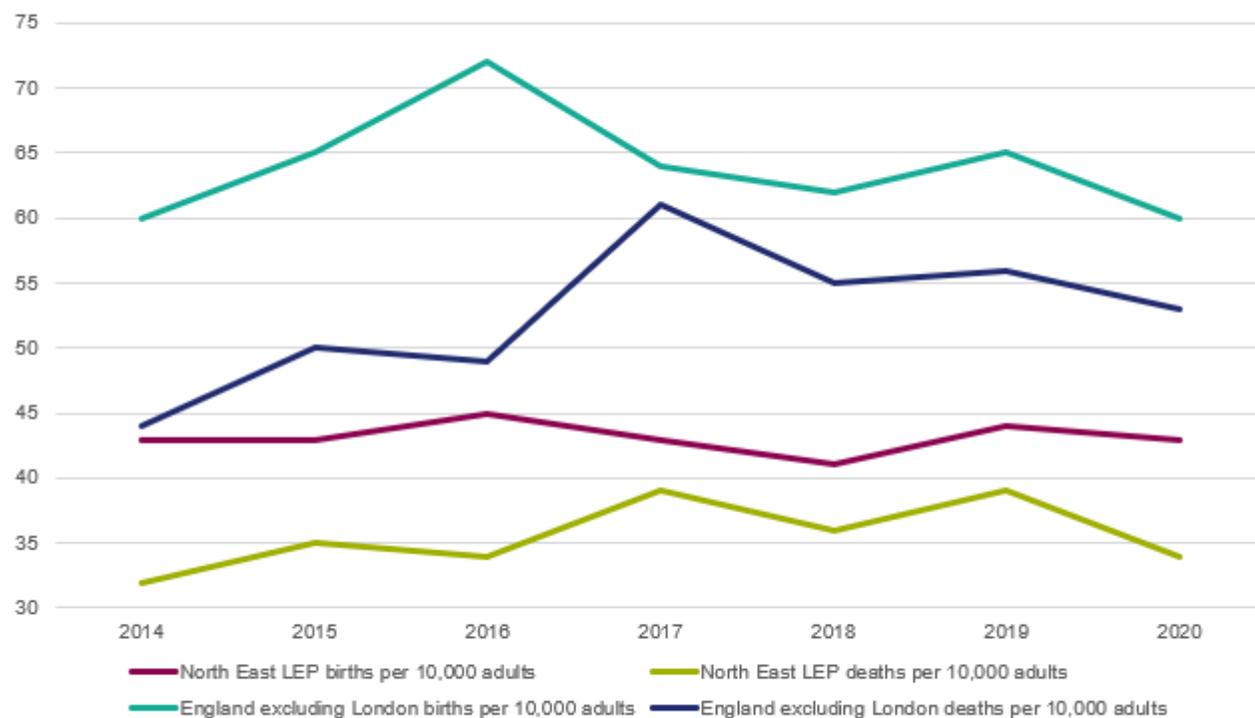
Availability and skills of the local workforce strength of local business networks and access to regional grants or incentives for investment/R&D were cited as the most important criteria for regional investment by 21% of Ernst and Young's investment survey



Survey results suggest the pandemic has helped to even out the attractiveness of UK regions, with London's attractiveness to investor's decreasing. The extent to which other regions have improved their attractiveness to investors nevertheless varies, with Scotland, the East of England, and East Midlands seeing the greatest change in perceptions

## Key trends: business activity

Business births and deaths per 10,000 adults (2014 - 2020)



Source: Business demography (ONS)

### The latest North East Business births and deaths (2014-2020)



There were 43 business births per 10,000 adults in the North East LEP area in 2020, compared to 60 for England excluding London. The 2020 birth rates for both areas were very similar to the 2014 levels



There were 43 business deaths in the North East LEP area in 2020, compared to 53 in England excluding London. Research suggests business birth and death rates are closely correlated



Newcastle, Sunderland and Gateshead have the highest business birth rates in the LEP, while the other authorities are below the LEP average



The North East LEP has the lowest business birth rate within the Core city regions



Scale-up rates for new and existing enterprises in the North East are relatively similar to most of the other Core Cities

# Strategic Economic Plan Targets

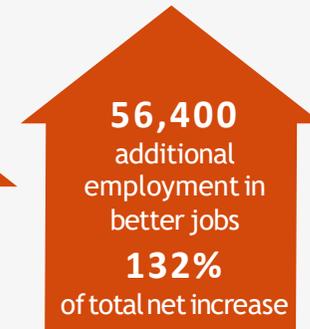
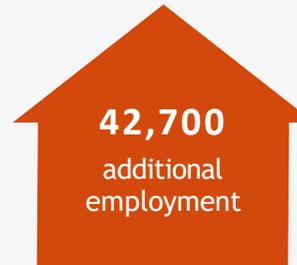
Target: Increase the number of job in the North East economy by 100,000 by 2024



Position at  
September 2021



=

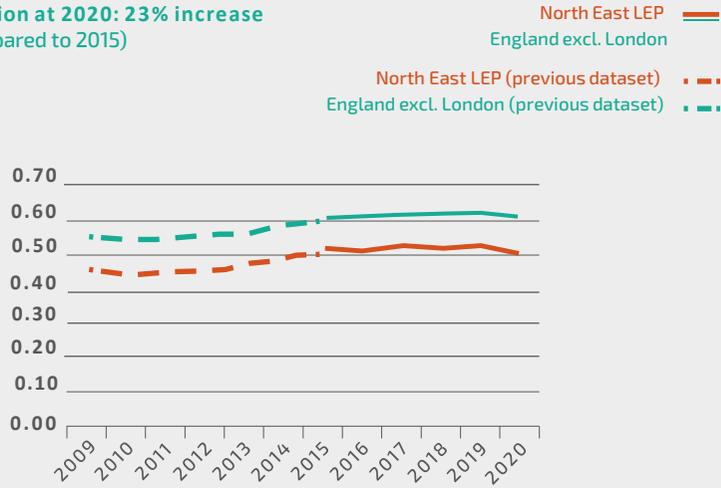


Source: Annual Population Survey - Workplace Analysis (Nomis)

**Reduce the gap in private sector employment density**  
Target: 50% reduction in gap by 2024



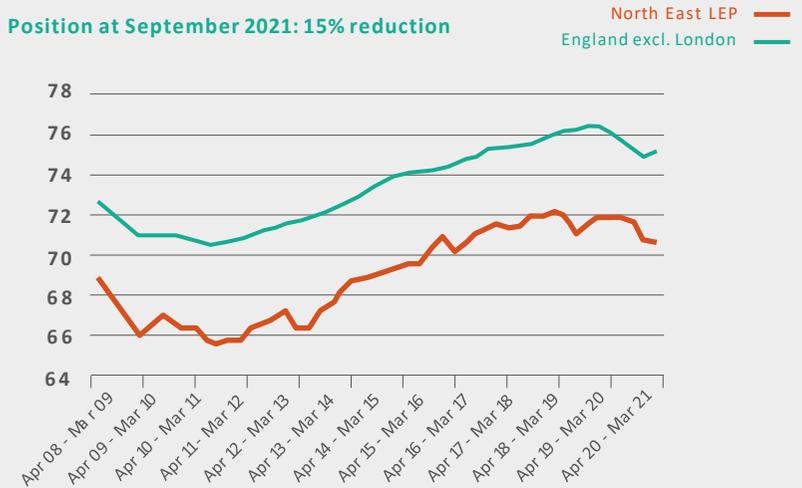
**Position at 2020: 23% increase**  
(compared to 2015)



**Close the gap in the employment rate (%) for people aged 16-64**  
Target: 100% reduction in gap by 2024



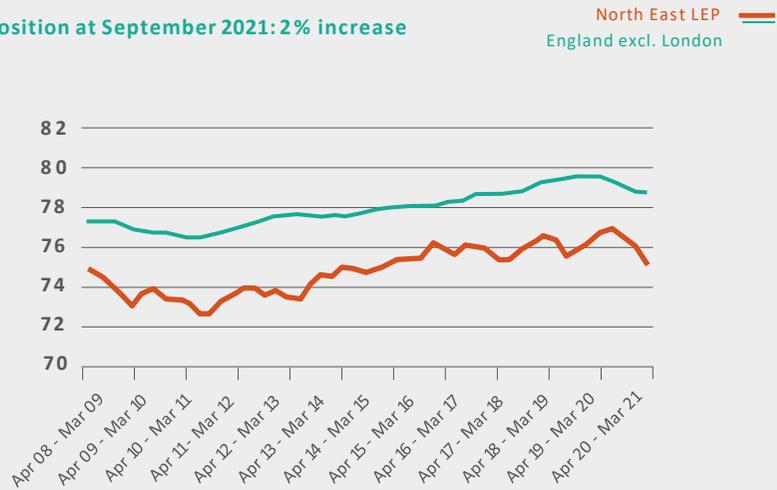
**Position at September 2021: 15% reduction**



**Reduce the gap in working age economic activity rate**  
Target: 50% reduction in gap by 2024



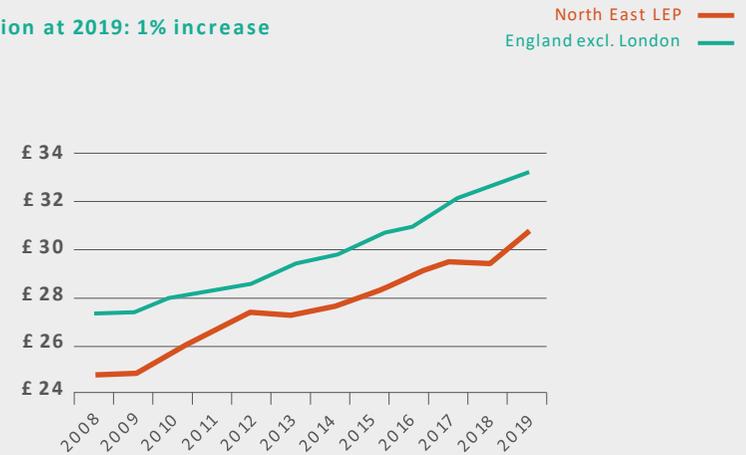
**Position at September 2021: 2% increase**



**Reduce the gap in GVA per hour worked**  
Target: 50% reduction in gap by 2024



**Position at 2019: 1% increase**



## Highlights from the past two months

Below is a summary of the content we have issued to support projects and initiatives as well as strategic announcements and activity during March and April 2022.

### Corporate

#### North East LEP reaction to Spring Statement 2022

Richard Baker, Strategy and Policy Director at the North East LEP, responded to the Spring Statement, saying: "Against a very challenging backdrop of rising costs for people and businesses, and declining growth rates and living standards, Chancellor Rishi Sunak's announcements will help relieve some of the pressure in areas like fuel prices and employee costs, and local authorities will have more money to help vulnerable people. He also announced spending to support small businesses with employment costs and business rates, which we welcome. However some of the big investments which could have accelerated growth in the North East will await the Budget. We also expect to see more detail on regional policy issues, including detail on the UK Shared Prosperity Fund, later in the year. We look forward to learning more about the planned consultation on areas including skills support, the apprenticeships levy, innovation performance and capital allowances for investment. These are important areas for focus if we are to see sustained long term growth."

#### ONS regional labour market statistics

The North East LEP issued a response to the ONS regional labour market statistics, including quarterly data for the North East region (for the period December 2021 to February 2022), with Chief Executive, Helen Golightly OBE, saying: "Looking at local data for the last year, employment in the North East LEP area decreased more for women than men, and we have seen increases in economic inactivity across all working age groups in the North East. There has been a large growth in numbers citing looking after family or home as a reason for inactivity. However, there is an opportunity to do more to benefit the economy and boost employment, with employers continuing to report demand in the labour market and difficulties in recruitment. Energy prices, along with a range of other price rises, are going to increase costs for families and we urge government to focus investment into the North East to encourage more progress in the labour market." The full statement can be seen [here](#).

#### BBC Radio 4 - The Bottom Line

Lucy Winskell OBE was a guest on the BBC Radio 4 programme, The Bottom Line, hosted by Evan Davis. Lucy joined a panel discussion that included: Andrew Carter, Chief Executive of Centre for Cities; Stephen Cole, CiO and Improvement Director at BAE Systems Maritime and Land, and Akash Paun, Senior Fellow at Institute for Government, to discuss devolution and government's Levelling Up White Paper. The episode is available to listen to [here](#).

#### Broadcast media enquiries

The North East LEP has supported a number of broadcast media enquiries in March and April. Helen Golightly OBE appeared on ITV Tyne Tees to discuss how the cost of living crisis is impacting businesses in the region and what the road to recovery might look like.

We also supported a media enquiry from ITV Tyne Tees about digital literacy, signposting them to relevant interviewees and research/statistics.

#### 'Tyne to get back to business' campaign

The North East LEP supported NewcastleGateshead Initiative's 'Tyne to get back to business' campaign, which is designed to recapture the £150m a year events and meetings market in Newcastle and Gateshead. A quote from Lucy Winskell OBE was included in a recent news release.

## Business and sector growth

### High Potential Startups celebration event

Dragons' Den star Sara Davies MBE will meet the North East 90 - the participants of High Potential Startups - at an event designed to celebrate the impact these new businesses are having and will continue to have on the economy, on 4 May 2022. Nearly 300 people signed up to attend the event, at Newcastle's Crowne Plaza.

### Peer Networks

Peer Networks bring business owners and leaders together to learn with and from peers experiencing similar challenges. The North East LEP has helped 241 companies join 21 cohorts across different sectors and you can read an update on how this programme could benefit the digital community in the region [here](#), and an insight on the impact of the programme on businesses working to reduce their carbon emissions [here](#).

### The Synergy Hub

The North East Growth Hub worked in partnership with Newcastle College and NCG to produce a promotional video about the College's new co-working space, The Synergy Hub. The Synergy Hub provides a 'front door' to skills and productivity solutions through a set of services for North East businesses. The video will be launched soon.

### Markets toolkit

The Markets toolkit on the North East Growth Hub has been updated to provide wider support for businesses interested in international trade. You can explore the new Markets toolkit [here](#).

## Port of Tyne demonstrates blueprint for decarbonisation of UK ports

The Port of Tyne unveiled a new sustainable smart port platform that will provide a blueprint for its transition to net zero at an event held at its Maritime 2050 Innovation Hub on Wednesday 6 April. As part of the Clean Tyne Project, the Port of Tyne and Siemens have worked with Connected Places Catapult, Newcastle University and the North East LEP to deploy a real-time digital platform for scenario planning and feasibility studies that will help determine the future power needs of the Port. The Clean Tyne project was granted funding by the Department of Transport to create a blueprint for the decarbonisation of the UK's ports. [Find out more](#).

## Strategy, policy and evidence

### Building our recovery through trade

The North East LEP's Director of Policy and Strategy, Richard Baker, published an insight into the North East LEP's work with partners to make international trade a key part of the region's economic recovery. Read Richard's update [here](#).

### North East Evidence Hub

The North East LEP continues to drive traffic to the North East Evidence Hub by publishing social media about recent data releases. The [Google Mobility Index report](#) page has received over 440 views since January and the Trade Goods reports have received over 70 page views.

## Innovation

### Call for North Tyne businesses to tackle region's key problems through innovation challenge

Businesses across Newcastle, Northumberland and North Tyneside have been asked to rise to the challenge and help the region tackle some of the biggest problems facing our economy and community. A new £800,000 open innovation project has been launched at the region's longest running Innovation Conference, VentureFest North East. The project is funded through the North of Tyne Combined Authority's Investment Fund and delivered by the North East LEP in partnership with Innovation SuperNetwork. Find out more [here](#).

### Key takeaways from the North East Energy Catalyst Summit

At the North East Energy Catalyst Summit on 8 March, more than 100 North East organisations came together to explore opportunities that COP26 and the drive to reach Net Zero could bring to our region (you can watch a video of the event [here](#)). David Lynch, the North East LEP's Energy Innovation Partnership Manager, produced a summary of the key points which emerged during the Summit - read his post [here](#).

## Skills, employment, inclusion and progression

### Using labour market intelligence to make better career decisions

Victoria Sutherland, Head of Evidence at the What Works Centre for Local Economic Growth, was one of the keynote speakers at the launch of National Careers Week 2022. Following the event, she gave further insight into how labour market information can inform careers guidance for children and young people. Read Victoria's blog post [here](#).

### In conversation: Louise Kempton and Kim Smith

The North East LEP has recently begun a collaborative project with Newcastle University called Realising North East Ambition. Dr Louise Kempton at the Centre for Urban and Regional Development Studies and LEP Enterprise and Education Lead Kim Smith, talked about this important new research in [this interview](#).

### An outstanding college business partnership in Ashington

A news story was published highlighting the close partnership between AkzoNobel and Northumberland College, which has developed a whole-college approach to high quality careers guidance and a successful pathway into local employment. Read more [here](#).

## Funding

### VCSE Capital Grant programme

A rolling programme of communications highlighting the outcomes of projects funded by the VCSE Capital Grant programme continued, with plans underway to issue a news release about Meadow Well Connected's celebration event in May.

### Local Growth Fund

Communications activity to highlight the North East LEP's role in delivering the Local Growth Fund in the North East LEP area has continued. Recent activity includes planning work with Shepherds Offshore to highlight the demolition/infrastructure works taking place on the Enterprise Zone. We are also working with Advance Northumberland to profile some of the recent projects supported through the Rural Growth Network.

### Getting Building Fund

Communications activity to highlight the North East LEP's role in delivering the Getting Building Fund in the North East LEP area has continued. Recent activity has included a media call at Tyne Tunnel Industrial Estate to highlight new commercial premises being constructed on the site (coverage available to view [here](#)).

There was also coverage for Northern Gas Network's Customer Energy Village project on ITV Tyne Tees. Andrew Clark, Energy Sector Programme Lead at the North East LEP, was interviewed as part of the piece (available to view [here](#)).

The North East LEP also supported the official opening of [NUCASTLE](#), the new community hub from Newcastle United Foundation.

The North East LEP is also working on a Getting Building Fund video that will highlight the 20 projects supported across the LEP area and level of grant awarded.

### Enterprise Zones

Communications activity to highlight the North East LEP's role in delivering Enterprise Zones in the North East LEP area has continued, with further media coverage secured about construction starting on the first phase of the £80m Hillthorn Business Park (Enterprise Zone) in Sunderland (coverage available to view [here](#)).

### Project Development Accelerator Fund

Communications activity to highlight the North East LEP's role in delivering the Project Development Accelerator Fund in the North East LEP area has continued. Coverage has been secured about the fund's investment in The Biosphere 2 call for investors (see coverage [here](#)) and plans for a new Northern Renewable Energy Centre of Excellence (NRECE) in South Tyneside (see coverage [here](#)).

## North East LEP website performance summary: 1 March - 30 April 2022

| Audience                 |        |           |
|--------------------------|--------|-----------|
| Visitors                 | 7,217  | (-14.06%) |
| Total page views         | 41,490 | (-9.99%)  |
| Average session duration | 1.38   | (+16.46%) |

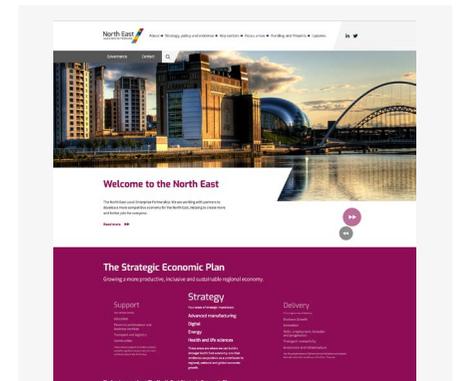
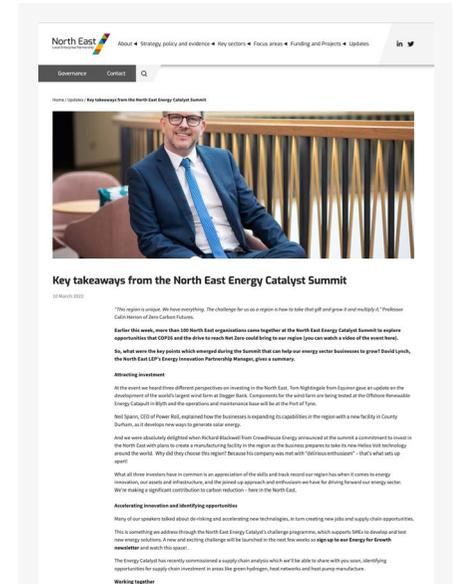
| Traffic source | Users | Views  |
|----------------|-------|--------|
| Organic        | 4,071 | 26,040 |
| Direct         | 2,328 | 10,314 |
| Referral       | 531   | 3,606  |
| Social         | 366   | 1,228  |
| Email          | 132   | 302    |

### Top five news pages

|  | Views |
|--|-------|
| <a href="#">Key takeaways from the North East Energy Catalyst Summit</a>             | 342   |
| <a href="#">The importance of good school governance</a>                             | 294   |
| <a href="#">In conversation: Louise Kempton and Kim Smith</a>                        | 172   |
| <a href="#">North East LEP reaction to today's regional labour market statistics</a> | 166   |
| <a href="#">North East LEP publishes new regional trade and export report</a>        | 144   |

### Top five pages

|                         | Views |
|-------------------------|-------|
| Home                    | 7,956 |
| About Us                | 1,545 |
| Strategic Economic Plan | 1,174 |
| Funding                 | 1,073 |
| Senior Management Team  | 989   |



## Social media

|                 | Total followers | Impressions |
|-----------------|-----------------|-------------|
| <b>Twitter</b>  | 13,066 (+1.1%)  | 136,254     |
| <b>LinkedIn</b> | 8,987 (+2.6%)   | 44,040      |

| Top performing LEPs on Twitter |              |                  |                      |
|--------------------------------|--------------|------------------|----------------------|
| 1. North East LEP              | 2. Leeds LEP | 3. Liverpool LEP | 4. Black Country LEP |
| 13,066                         | 11,630       | 10,326           | 9,441                |

### Best performing organic posts: Twitter



@northeastlep  
Thu 4/7/2022 10:47 am BST

Work is continuing at pace on the new 'green' multi-storey car park in Gateshead that will support the new @TheSageNG development...



Impressions **68,602**

| Impressions   | Potential Reach | Engagements  | Engagement rate |
|---------------|-----------------|--------------|-----------------|
| <b>68,602</b> | <b>18,363</b>   | <b>2,058</b> | <b>3%</b>       |



@northeastlep  
Mon 3/7/2022 8:56 am GMT

This morning we'll be launching National Careers Week 2022 from here in the North East. A big welcome to everyone who's joining us either...



Impressions **4,828**

| Impressions  | Potential Reach | Engagements | Engagement rate |
|--------------|-----------------|-------------|-----------------|
| <b>4,828</b> | <b>82,992</b>   | <b>81</b>   | <b>1.7%</b>     |



@northeastlep  
Fri 4/8/2022 10:23 am BST

Congrats to our CX Helen Golightly who was joined by her family to receive her OBE for services to business and the regional economy...



Impressions **2,581**

| Impressions  | Potential Reach | Engagements | Engagement rate |
|--------------|-----------------|-------------|-----------------|
| <b>2,581</b> | <b>14,656</b>   | <b>104</b>  | <b>4%</b>       |

Social media

Best performing organic posts: **Twitter**



@northeastlep  
Wed 4/6/2022 8:46 am BST

We're looking forward to discussing the Clean Tyne Project @Port\_of\_Tyne this morning - a blueprint for the decarbonisation of UK ports....

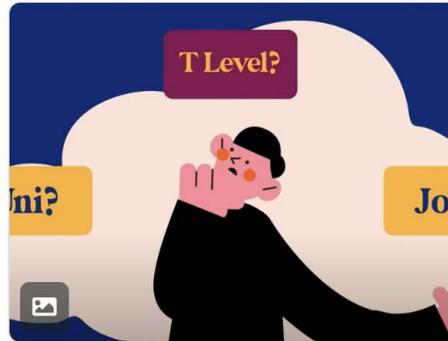


| Impressions | Potential Reach | Engagements | Engagement rate |
|-------------|-----------------|-------------|-----------------|
| 2,187       | 111,526         | 35          | 1.6%            |



@northeastlep  
Thu 3/10/2022 9:20 am GMT

We've brought together info on post-16 pathways in this short film so young people can easily understand what's available to them....



Impressions 1,987

| Impressions | Potential Reach | Engagements | Engagement rate |
|-------------|-----------------|-------------|-----------------|
| 1,987       | 39,108          | 63          | 3.2%            |

## Social media

### Best performing organic posts: LinkedIn

in<sub>1</sub>

North East  North East Local Enterprise Partn...  
Fri 4/8/2022 10:58 am BST

Huge congratulations to our Chief Executive Helen Golightly OBE who received her OBE for services to business and the regional economy...



Impressions 11,061

| Impressions | Engagement | Engagement rate | Clicks |
|-------------|------------|-----------------|--------|
| 11,061      | 814        | 7.4%            | 525    |

in<sub>2</sub>

North East  North East Local Enterprise Partn...  
Wed 4/27/2022 12:00 pm BST

A succession of major #offshorewind deals has seen Port of Blyth in Northumberland report its highest turnover in its 140-year history. Read...

Port of Blyth hails highest turnover in 14...



Impressions 3,223 Engagement 184 Engagement rate 5.7% Clicks 48

in<sub>3</sub>

North East  North East Local Enterprise Partn...  
Thu 4/7/2022 10:53 am BST

Work is continuing at pace on the new 'green' multi-storey car park in Gateshead that will support the new The Sage NG development....



Impressions 2,301

Impressions 2,301 Engagement 357 Engagement rate 15.5% Clicks 326

## Priorities for the next two months

1. To recast budgets and communications priorities following new guidance and remit from government
2. Support the combined and local authorities to deliver a regional engagement event as part of the development of the UK Shared Prosperity Fund Invest Planning process
3. Relaunch the refreshed North East Evidence Hub

## Forward plan of content

| Topic   | Description   | Type  | Estimated date of issue  |
|---|---|---|--|
| <b>Corporate</b>                                |   |   |  |
| Corporate document process                      | Publish annual review and end of year review.<br>Finalise annual delivery plan inline with new government guidance.   | • Document drafting and publication                     | May 2022   |
| Airport Advertising                             | Large scale advertising campaign to appear at Newcastle Airport - completing final stages of project - install expected June 2022.  | • Stakeholder liaison and photography                   | May - June 2022  |
| North East LEP Evidence Hub                     | Replatforming and enhancing the North East Evidence Hub   | • Internal project working with Enigma Interactive      | Launch phase 1 of new site - June 2022<br><br>Phase 2 to be scoped and developed |
| <b>Business and sector growth</b>               |   |   |  |
| North East Growth Hub - web development project | Relaunch of Growth Hub Connector page and user journey  | • Web development                                       | May 2022   |
| Made Smarter Adoption North East                | Testing of communications campaign tactics to Campaign recruitment - working on pilot with South Tyneside and looking at Linked In specific marketing.<br><br>Drafting of case studies to support communications activity | • Social media<br>• Case studies<br>• Digital marketing | May 2022 - ongoing   |
| North East Growth Hub toolkits                  | Refresh of content across all toolkits  | • Content development                                   | Ongoing  |

|  |  |  |   |
|--|--|--|---|
| Health and Life Sciences                             | Initial comms plan developed outlining campaign objectives, audiences and tactics.<br>Campaign will be mobilised in May to highlight regional successes                          | <ul style="list-style-type: none"> <li>• Case studies</li> <li>• News releases</li> <li>• Social media</li> <li>• Partner amplification</li> </ul> | Ongoing   |
| High Potential Startups                              | Wrap up of programme comms following celebration event on 4 May  | <ul style="list-style-type: none"> <li>• Event</li> <li>• PR and social media</li> </ul>   | May 2022  |
| Northern Insight magazine                            | Use of monthly page to highlight business growth programmes  | <ul style="list-style-type: none"> <li>• Advertorial</li> </ul>  | Monthly   |
| <b>Innovation</b>                                    |  |  |   |
| Future Markets Accelerator Programme                 | Internal communications with project partners  | <ul style="list-style-type: none"> <li>• Intranet/sharepoint space development</li> <li>• Information pack</li> </ul>                              | Through to July 2022                              |
| Emergent Markets study                               | Development of report that summarises the study  | <ul style="list-style-type: none"> <li>• Report and integration into the Evidence Hub</li> </ul>   | June 2022   |
| Innovation toolkit                                   | Rolling programme of new articles and content supported with paid for advertising  | <ul style="list-style-type: none"> <li>• Content development</li> <li>• Social media</li> </ul>  | Ongoing 2022                                      |
| Innovation projects pipeline                         | Creation of copy for projects and comms liaison with partners  | <ul style="list-style-type: none"> <li>• Copy</li> <li>• Ongoing comms</li> </ul>  | Copy completed<br>Ongoing comms to begin May 2022 |
| Clean Tyne project                                   | Publication of articles on Port of Tyne's digital platform   | <ul style="list-style-type: none"> <li>• Editorial</li> </ul>  | May 2022  |
| <b>Skills, employment, inclusion and progression</b> |  |  |   |
| T Levels film  | A video resource to be used in schools to highlight the benefits of studying T Levels. The video will also touch on the benefits to businesses in supporting industry placements | <ul style="list-style-type: none"> <li>• Video resource</li> </ul>   | June  |
| Northern Insight magazine                            | Use of monthly page to highlight skills, employment, inclusion and progression programmes  | <ul style="list-style-type: none"> <li>• Advertorial</li> </ul>  | Monthly   |

|                                      |  |  |               |
|--------------------------------------|--|--|---------------|
| Enterprise Adviser Campaign          | Launch a marketing campaign to generate EOIs for the Enterprise Advisor Network  | • Campaign   | June - July   |
| SEND toolkit                         | Develop a labour market information toolkit for SEND schools   | • Website development  | July - August |
| ILP virtual learner experience       | Develop a virtual learning exhibition space on the North East Ambition website for Independent Learning Providers  | • Website development  | July - August |
| ONE vision project                   | Develop communications in-line with the ONE vision project end date  | • Social content<br>• Media relations  | July          |
| <b>Investment</b>                    |  |  |               |
| VCSE funding                         | Rolling communications plan highlighting outcomes of funded projects   | • Social content and media relations for Meadow Well Connected's celebration event in May 2022 | Ongoing       |
| Getting Building Fund                | Rolling communications plan highlighting funded projects, including key milestones<br><br>Projects receiving support in May/June will include North Shields Town Centre redevelopment, the progression of works at Swans Energy Park, and the project at Tyne Dock Enterprise Park, linking to the new Equinor site. | • Social content<br>• Media relations  | Ongoing       |
| Local Growth Fund                    | Rolling communications plan highlighting funded projects, including key milestones<br><br>Projects receiving support in May/June will include the North East Rural Growth Network, the High Potential Startups programme (via the North East 90 event), and Central Gateway at Newcastle Central Station             | • Social content<br>• Media relations  | Ongoing       |
| Project Development Accelerator Fund | Rolling communications plan highlighting funded projects, including key milestones   | • Social content<br>• Media relations  | Ongoing       |

Please note, where content is owned as opposed to media relations, audience profiles are in place to ensure the content is targeted at the most relevant audiences as well as the LEP's general followers.

Any feedback on input into our content plan, please email [jen.robson@nelep.co.uk](mailto:jen.robson@nelep.co.uk)

**19 May 2022**

**Item 11: Chair and Chief Executive Update**

**1.0 Background**

1.1 The Chair and Chief Executive would like to provide an update to Board Members on some of the discussions and meetings that they have been involved in since the last Board meeting in March.

**2.0 Chair key meetings and discussions**

2.1 Since the last Board meeting on the 17 March 2022, the LEP Chair has been involved in a variety of meetings and discussions as outlined below:

- Regular meetings between the LEP Chair and CEO;
- North of Tyne Combined Authority Cabinet;
- 'Why Small Business Matters' Podcast;
- Transport for the North Board Meeting (virtual);
- Darlington Economic Campus 100<sup>th</sup> employee celebration event;
- Presentation at the NEECC Council Meeting;
- Panellist at the North East Battery Alliance Conference and Pre working dinner;
- InCite Conference for Levelling Up and inclusive growth.

**3.0 Chief Executives key meetings and discussions**

3.1 Since the last Board meeting, outside of the internal 'business as usual' meetings, the Chief Executive has been involved in a number of meetings to continue to move the regional economic growth agenda forward. These include:

- North East Net Zero Steering Group;
- The Common Good Celebration event;
- UNW informal working lunch;
- NP11 Chief Executive Away Day;
- Tyne Taskforce group;
- North East Growth Hub, High Potential Event;
- Meetings with the LEP Network;
- Meetings with government officials.

**4.0 Recommendation**

4.1 The Board is recommended to note the report.