

North East Local Enterprise Partnership Board

27 May 2021

Meeting held via Microsoft Teams

Present

Lucy Winskell	Chair, North East LEP
Gillian Hall	Gillian Hall Consulting Limited
John McCabe	Fusion PR Creative
Ammar Mirza	AmmarM (UK) Limited
Andrew Moffat	
Heidi Mottram	Northumbrian Water Group
Councillor Nick Forbes	Leader, Newcastle City Council
Councillor Gannon	Leader, Gateshead Council
Councillor Dixon	Leader, South Tyneside Council
Mayor Redfern	Mayor, North Tyneside Council
Councillor Miller	Leader, Sunderland Council
Mayor Driscoll	Mayor, NTCA
Ellen Thinnesen	Sunderland College
Chris Day	Newcastle University
Carol Botten	VONNE
Erika Leadbitter	TS Marine Ltd

Apologies

Kate Wickham	Gate7 Group
Mark Thompson	Ryder Architecture
Councillor Henig	Durham County Council
Councillor Sanderson	Northumberland County Council

Officers

Helen Golightly	CEO, North East LEP
Richard Baker	LEP Director of Strategy and Policy
Michelle Rainbow	LEP Skills Director
Nicola Laverick	LEP Programme Manager
Colin Bell	LEP Business and Sector Growth Director
Alan Welby	Innovation Director
Paul Woods	Finance Officer, NTCA
Katy Laing	Finance officer, NTCA
Janice Gillespie	S73 Officer, NTCA
Brenda Joyce	Democratic Services

The Chair, Lucy Winskell, welcomed everyone to the meeting. She went on to congratulate Board Members who had been through local elections since the last meeting and advised that she had written to Councillor Simon Henig thanking him for his contribution to the LEP Board. Local authority portfolio changes might have

some impact on the sub boards; Andrew Moffat had dropped a note to Councillor Bruce Pickard who had been an outstanding member of the Investment Board.

1 **WELCOME FROM THE CHAIR AND APOLOGIES**

Apologies were received from Mark Thompson, Kate Wickham, Councillor Glen Sanderson and Councillor Simon Henig.

2 **DECLARATIONS OF INTEREST**

Gillian Hall declared an interest as a Port of Blyth Commissioner.

3 **MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 18 MARCH 2021**

The minutes of the meeting held on 18 March 2021 were approved.

Annual Meeting items:

4 **LOOKING BACK AND LOOKING FORWARD**

This report set out the progress achieved in the Annual Delivery Plan 2020/21 and looked ahead to what the North East LEP intended to deliver between April 2021 to March 2022.

The Annual Delivery Plan and End of Year Review were produced on a yearly basis in accordance with requirements set out in the Government's 2018 policy paper 'Strengthening Local Enterprise Partnerships'. The deliverables in these documents were aligned with the programmes of delivery in the North East Strategic Economic Plan (SEP).

The Chair stated that the End of Year Review, the Annual Review and the Annual Delivery Plan were excellent documents which told a strong story of performance; on behalf of the Board, she went on to thank the Executive Team for the huge amount of work.

RESOLVED – That Board:

- (i) **Agreed that the End of Year Review 2020/21 and Annual Delivery Plan 2021/22 be submitted to Government, and gave delegated authority to Helen Golightly, Chief Executive Officer to sign off the minor changes noted in section 3.1 prior to them being submitted to Government.**
- (ii) **Noted that each document highlighted above along with the Annual Review would be published on the North East LEP website.**

- (iii) **Noted that the method for the update of the SEP Delivery Report would become the Annual Delivery Plan Update Report from the July LEP Board.**

5 GOVERNANCE UPDATE

This report provided an update to the Board on the following governance matters:- the North East LEP Constitution, the Scheme of Delegation and Board and sub-board membership.

A typing error in the current LEP Board membership table would be corrected.

The Chair advised that she would be looking at some of the advisory boards' membership with the Chief Executive over the coming months, once the LEP Review was reported nationally.

RESOLVED - The Board:-

- (I) Noted the Scheme of Delegation as detailed in Appendix A.**
- (II) Noted that the public sector nominations for the LEP Board and sub-boards would be confirmed prior to the next LEP Board in July.**
- (III) Noted the plan to review the membership of the LEP Board, sub-boards and Steering Groups in line with the Constitution and good governance during 2021/22.**

6 BUDGET 2020/2021 OUTTURN AND 2021/2022 - 2024 BUDGET

The report provided an update to the Board on the final outturn revenue budget position for 2020/21, including the performance of the Enterprise Zone account, Local Growth Fund, the new Getting Building Fund and the North-East Investment Fund.

A small revenue surplus of £0.010m was generated on the LEP's core revenue budget, compared with a surplus of £0.011m projected in the revised estimate for the year reported to the Board in January 2021. The outline was in line with what was projected with the LEP's General Reserve remaining at £0.613m.

This report also provided an update on the current financial year budget (2021/22), taking into account the outturn position for 2020/21 and provided an illustration for the following two financial years 2022/23 and 2023/24. This was in line with previous requests from the Board for a medium-term view of the North East LEP's revenue budget. The illustration for 2022/23 and 2023/24 reflected significant uncertainty around Government funding streams and presented only a core level of activity for that year. The budgets for these financial years would be updated as further announcements of additional funding streams were received. The 2021 LEP Review report would also be taken into account and incorporated into future years.

The 2020/21 outturn position reflected gross income of £6.355m with an additional £1.248m carried forward to 2021/22 to continue delivery. The high level of funding

carried over to 2021/22 reflected the impact of Covid-19 on delivery, with the actual gross income outturn position reduced by £0.753m against the revised budget. Although actual income received including the carry forward commitments exceeded the revised budget by £0.495m. There was due to an increasing number of core and specific income streams (over 32) that funded the activity of the LEP.

The Chair commented that it was good to note the positive position and new funds coming in.

RESOLVED – That the Board:

- i. Noted the positive budget outturn position for 2020/21.**
- ii. Noted the 2021/22 budget.**
- iii. Noted the indicative 2022/23 and 2023/24 medium term budget illustrations for the North East LEP.**
- iv. Noted the potential requirement to drawdown up to £0.500m from the Enterprise Zone account in financial year 2022/23 and the potential requirement to drawdown £0.821m in 2023/24 utilising unused Enterprise Zone reserve in 2021/22 in line with a previous LEP Board approval.**

LEP Business items:

7 SEP UPDATE

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

The report highlighted matters in relation to: Business Growth; Innovation; Skills, Employment, Inclusion and Progression; Transport; Investment and Infrastructure; Strategy and Policy; and Communications. The full programme delivery update was attached to the report as Appendix 1.

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

- The Local Industrial Strategy (LIS) development progress status was shown as red in the report as the national LIS process was now suspended, and therefore the North East LIS work suspended. It would be fed into the next iteration of a regional economic strategy. The LIS content has also been included in the Covid 19 Recovery Plan.
- Michelle Rainbow provided an update on the digital divide issue. A report from the Good Things Foundation in 2020 highlighted the challenges in the North East around digital exclusion. At that time the Skills Advisory Panel asked the Executive to commission research specifically looking at digital exclusion. Millfield House and IPPR North were also undertaking a similar piece of work. The LEP had commissioned New Skills Consulting. IPPR North would look at the wider general population around digital exclusions and what that meant for health, wellbeing and wider societal views. The work

with New Skills would look specifically at the impact of digital exclusion on young people, education, learning etc. The first data was due in June and the two teams would work on a joint report and recommendations for the end of the summer.

RESOLVED - The Board noted the Programme Delivery Update.

8 INVESTMENT DECISIONS AND UPDATE

This report was confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

As the most recent Investment Board meeting was inquorate, this report included investment decisions for LEP Board decision in Part A; Part B provided a summary of funding decisions taken under delegation since the last Board meeting and Part C provided a funding programme round up.

The projects for approval were the Turbine Business Park, East Pilgrim Street Newcastle, North Bank of the Tyne and the Made Smarter Programme.

RESOLVED – That the Board agreed to:

- i) As set out in paragraph 2.4, accept a grant funding award from BEIS of £600,000 for the Made Smarter Programme; enter into a MOU with Tees Valley MCA to jointly deliver the programme; and to delegate authority to the Business Growth Director to approve small grants of up to £5,000 to SMEs taking on student internships.**
- ii) Approve incentive funding to Barmston Developments, for an industrial development scheme at Turbine Business Park, up to £877,370 via a rental guarantee capital payment this financial year and subject to the conditions set out in Appendix 1.**
- iii) Agree to a revised delivery approach on the North Bank of the Tyne EZ site, as set out in Appendix 2, with an initial conditional phase 1 award to Newcastle City Council of £3,644,000 from the EZ programme to deliver the site preparation works at Wilson Avenue.**
- iv) Note the positive 2020/21 budget and KPI performance outcomes on the LGF programme set out in paragraphs 4.3 to 4.6.**
- v) As set out in para 8.4, agree to delegate authority to launch the procurement of the CPIF Fund Manager and to the sign off subsequent stages of the Competitive Dialogue by the Chief Executive in line with North East LEP Scheme of Delegation; and to receive a report later this financial year to approve the Fund Manager.**
- vi) Approve (in principal until agenda item 9 was considered) the establishment of a £4m two year project development accelerator budget, using £3.27m from EZ surpluses and £0.73m redeployed from NEIF funds previously allocated to the GBF programme as set out in paragraph 5.4c and 9.3; with approval of the finalised business case, and the detailed scope of the first project call delegated to the Chief Executive in**

- consultation with the Investment Board Chair and the NTCA s73 Officer; and that project allocations are determined by the Investment Board.
- vii) Approve the revised GBF budget allocations against the initiatives set out in para 5.4 noting that MHCLG approval has been sought and obtained, as required, in advance to these proposed changes; that the Battleship Wharf and CPIF extension budgets are allocated strictly on the basis of project full business cases coming forward to enable determination no later than end of September 2021.
- viii) As set out in paragraph 7.2, approve a budget of up to £25,000 from interest received on the NEIF account to appoint consultants to prepare a report setting out how public funding can better target resources and support commercial property development schemes to deliver on NZC.

9 ENTERPRISE ZONES UPDATE

This report was confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

This report provided an update on the latest refresh of the financial position and performance of the Enterprise Zone (EZ) sites in the North East LEP area. It was a follow up to the comprehensive report provided to the North East LEP Board in March 2018 and the update reported in July 2020. The report would also be provided to each of the Local Authorities that were party to the Business Rates Growth Income (BRGI) pooling agreement as the required annual report on the financial position of the EZ account and the estimated Lifetime Surplus.

As well as looking at performance over the last year, the opportunity was taken to refresh the detailed estimates of BRGI expected to be received over the lifetime of the Enterprise Zones. This report set out the draft outturn position for 2020/21; the latest estimates of lifetime BRGI; revised estimates of capital financing costs; and a revised estimate of the EZ surplus over the next ten years, as well as an updated estimate of the lifetime surplus under two scenarios.

RESOLVED – That the North East LEP Board agreed to:

- a) note the contents of the report;
- b) agree to the North East LEP Investment Board receiving further updates on options to minimise the risk of deficits on individual sites;
- c) approve the recommendations of the North East LEP Investment Board to –
 - a. approve the principle of paying Performance Incentive Rewards as an annuity and to agree to make a 19 year annuity payment to Gateshead Council (estimated at £952,320 per year) commencing in 2023/24, subject to the availability of EZ income from the Follingsby site;
 - b. approve the repayment of the £3.15m NEIF Loan agreed in 2014/15 for Airport marketing from EZ surpluses to be included in the EZ BRGI Pooling Agreement (amending section 6.2.4) to be made after

2030/31 and ranked fourth behind the repayment of EZ capital intervention borrowing. Figures are already reflected in capital financing costs);

- c. agree the timing of the repayment of the £8m contribution from the North East Investment Fund (NEIF) to supplement the Getting Building Fund, agreed in July 2020, less any savings that can be achieved, from 2024/25 set out in *Table 11*, subject to a sufficient level of actual EZ surplus in each year;
- d. agree that £3.27m is allocated as a contribution to fund the costs of accelerating the development of strategic pipeline projects over the next two years;
- e. agree to explore the option of up to £15m of the EZ surplus as a source of funding to provide an incentives budget for the Commercial Property Investment Fund, subject to further detailed consideration and formal approval of this use in the future report to the LEP Board; and
- f. agree to explore the other options for use of the EZ surplus, with a report on the main options and the impact of the outcome of the Government review of the Business Rate system being reported to the North East LEP Board by January 2022.

10 RESPONSE TO CLIMATE CHANGE

The Board had discussed the regional response to climate change at its meeting in October 2020 noting:

- The work of the national Climate Change Committee (CCC) which provided Government with independent advice about the pathways and actions required across nine areas of the economy in response to climate change, with a focus on reducing climate emissions towards the legal target of net zero emissions by 2050
- The forthcoming United Nations Climate Change Conference of the Parties (COP26) in Glasgow in November, which provided the platform for global debate and agreement to accelerate work on the climate
- The wide range of activities underway across the region on climate change in all sectors, including place-based approaches led by Local Authorities
- The development of the North East England Climate Commission (NEECCo), coordinated by VONNE, which had been working to develop co-ordinated North East action across the North East region (North East and Tees Valley).

This Board had established a Climate Change Steering Group to strengthen work at the North East LEP / LA7 geography between the region's institutional bodies, relevant agencies and the North East England Climate Coalition (NEECCo). This paper aimed to provide an update on a number of relevant activities and plans being overseen and taken forward by the Steering Group.

The report included details on the PWC Pathways to Net Zero, the North East presence at 26th United Nations Climate Change Conference (COP 26) and the collaborative work between the Steering Group and NEECCo on Net Zero North East.

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

- There was a huge passion for the region to tell its story. The biggest problem was harnessing the power of the local authorities to get the story together and tell the story of England's greenest region.
- There was a need to push for financial resources to take the work forward and get the story told. It would be a shame if the good story did not get told to showcase how great the regions was at a macro level.
- Local authority leaders were urged to talk to chief executives to commit financial resources and work together as a region on this agenda
- There was a powerful place based story about how the region was utterly committed to embedding this into everything we did; one challenge was getting the narrative right and making sure it was a positive narrative that people could buy into, rooted in a vision of creating a better, fairer society.
- There were also issues around encouraging businesses to think carefully around what investment they would need over time to reduce their carbon footprint; if there was a collective will to get the region to Net Zero by a particular date practical and financial support would have to be given to encourage changes now.
- Local authorities had a range of initiatives awaiting funding – leveraging the amount of funding required was a challenge. COP 26 was a fantastic opportunity to leverage in private finance as a significant amount of investment was needed on this agenda over the next decade.
- This agenda had to be integral to the vision for the economy of the future in terms of where jobs would come from and the type of good quality jobs wanted in the region to start an economic realignment for a fairer society.
- Newcastle University had recently been informed that it had not secured a place at COP 26. For the university alone to hit a 2030 net zero target it was estimated it would cost between £100-150m.
- It had been agreed that the R&D and skills piece was important and Net Zero North had been discussed; this was a bid coordinated by eight northern research universities that had gone into the Treasury to try and secure a large injection of R&D cash to support relevant research with lots of industries; there was also a separate piece which brought together universities with the FE sector to try and address the skills gap.
- Moving towards net zero was the future and everyone had to come together and make it the top of the agenda. There were exciting opportunities, such as around the green and digital economies, that the region could not afford to miss.
- There was a unique opportunity to use this critical agenda and underpin it by inclusive growth. This could be used as a catalyst to galvanise the position of the region and it was important that the region connected and communicated with all communities and help them get behind it.
- It was great to hear the passion of attendees for this subject. What was needed now at the initial stage was to capture all the fantastic stuff into the region's story so that it could start to inspire other people and share best practice.
- It was pointed out that this would involve paying someone to do the work and this was the next step. Helen Golightly was pulling together some thoughts

along with Henry Kippen at the NTCA and they would approach the local authorities.

- The Chair thanked the Steering Group for their continued support to push for this. There was clearly an urgency to resource this.

RESOLVED – That Board members agreed to:

- **Note the update on the current work programme and proposals developed by the Steering Group**
- **Comment on the updates on key projects and proposals for future approaches**
- **Consider how this work programme could best be resourced and sustained into effective delivery.**

11 CHAIR AND CHIEF EXECUTIVE UPDATE

The Board received a report updating Members on some of the discussions the Chair and Chief Executive had been involved in since the last Board meeting in December.

RESOLVED - The Board agreed to note the report.

12 ANY OTHER BUSINESS

None.

13 DATE AND TIME OF NEXT MEETING

22 July 2021 - 5:00-7:00pm