

# North East Local Enterprise Partnership Board



Thursday 30 January 2020

17.00 – 19.00

Venue: Conference Room, Tyne Metropolitan College,  
Battlehill Drive, Wallsend, NE28 9NL

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Declarations of interest** (5.00pm)
3. **Tyne Metropolitan College introduction** (5.05pm)  
Mo Dixon, Principal of Tyne Met College to present to the Board.
4. **Minutes of the last Board meeting held on Thursday 28 November 2019** (5.10pm)  
The Board will be asked to agree the Minutes.
5. **SEP Delivery Plan** (5.15pm)  
Helen Golightly to present to the Board.

*Items 6 and 7 are confidential as they contain commercial information relating to the financial or business affairs of a particular person or organisation and are not for wider circulation.*

6. **Local Industrial Strategy update** – confidential paper attached (5.25pm)  
Helen Golightly to present to the Board.
7. **Funding decisions and update** – confidential paper attached (6.00pm)  
Paul Woods to present to the Board.
8. **Budget - indicative outturn 2019/20 and budget 2020/21** – paper attached (6.20pm)  
Paul Woods and Helen Golightly to present to the Board.
9. **LEP Boards' membership** - paper attached (6.30pm)  
Helen Golightly to present to the Board.
10. **Invest North East England (INEE) update** – paper attached (6.40pm)  
Helen Golightly to present to the Board.
11. **Any Other Business** (6:50pm)
12. **Date and Time of next meeting – Thursday 19 March 2020 from 5 - 7pm**

**30 January 2020**

**ITEM 5: SEP Programme Delivery Update**

**1.0 Purpose of Report**

- 1.1 This report provides a summary of the details given in the SEP Programme Delivery report, which is attached as *Appendix 1*.

**2.0 Highlights and points to note since the last meeting**

Business Growth

- The Growth Hub Connect team continues to deliver an impartial service across a broad spectrum of growing businesses, with 380 interventions in the year to date. Growth Hub Connector client satisfaction remains high at 98% with a broad range of business sectors and geographic locations represented in our client base.
- The High Potential Start-ups programme is now in operation with fourteen founding teams on cohort 1, due to complete April 2020. We have reviewed process and experience and used intelligence to restructure the programme. Cohort 2 Expressions of Interest phase is open until 18 February 2020, with the first workshop planned for 7 March 2020.
- In the first three quarters in 2019/20 there have been 52 inward investment successes in the North East LEP area creating 1,779 jobs. There are some significant announcements of new investment successes scheduled for the final quarter 2019/20 - first quarter 2020/21.

Innovation

- The approach to developing the key projects has been approved by the Innovation Delivery Board and implemented at the December Innovation Programme Delivery Board meeting. The Innovation Team hosted a workshop with the SuperNetwork to launch the second wave of the Strength in Places call. Ongoing active support is being provided to wave one pipeline priority projects.
- The development of the Innovation Delivery Partnership (IDP) model is the proposed route to ensure oversight of the North East's niche competencies. A proposal for monitoring IDP development was approved by the Innovation Delivery Board for a programme of activity in 2020. Partners are being engaged through the development of the Innovation Delivery Framework with a launch event planned for June 2020

Skills, employment, inclusion and progression

- The first full academic term of primary pilot has been completed, case studies have been submitted from 60 out of the 70 schools. A feasibility study, examining the impact of including careers related learning in initial teacher training is underway in partnership with Northumbria University
- 136 Enterprise Advisers (EAs) have been recruited from a broad range of both large employers and SMEs, with 108 currently matched with a school or college.
- North East Ambition Programme outputs continue to be ahead of target with 48 SMEs signed up in total (exceeding the target of 29) and 468 participants to the project in the previous quarter of delivery (exceeding the target of 130).

### Transport

- The ambitious Transforming Cities Fund bid has been submitted to Government. A copy is available via the NECA website ([here](#)).
- The Metro Asset Renewal Programme is progressing with 199 of 270 projects now completed. Programme completion is expected in March 2021.

### Investment and Infrastructure

- The LEP Board will receive an update in relation to LGF contingency plans to ensure the programme spend targets are met, including an update on work with Local Authorities to identify reserve projects
- Close to three quarters of the region's ERDF allocation is now legally committed, with two thirds of the ESF allocation also legally committed.
- Major Enterprise Zone funding request for the North Bank of Tyne has come forward for decision, alongside a NEIF application received from a company proposing a large development in Newcastle.

### Strategy and Policy

- Supported by the two Combined Authorities, in January 2020, the LEP has appointed a Policy Coordinator to support work on EU Exit, and other agreed priorities
- LGF Energy for Growth Fund received 23 applications with a total grant ask of c£2.2m, following a highly successful three-week expression of interest window. Shortlisted projects undergoing business case appraisal with first grant agreements anticipated in January 2020.

### Communications

- There continues to be growth in the number of followers across LEP's social media (2.2% on Twitter and 6.2% on LinkedIn since November). The North East LEP remains the most followed LEP in the country on Twitter.
- In December 2019 the LGF communication campaign was nominated for best integrated campaign at the North East Pride Awards and won the silver award.

## **3.0 Recommendations**

- 3.1 The Board is recommended to note the contents of the report and *Appendix 1*.

*Appendix – North East Strategic Economic Plan Programme Delivery update, January 2020*



# North East Strategic Economic Plan Programme Delivery update

30 January 2020

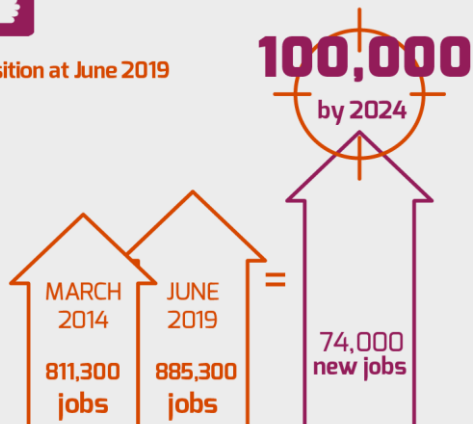


# Performance against Strategic Economic Plan targets since 2014 (Last updated Jan 2020)

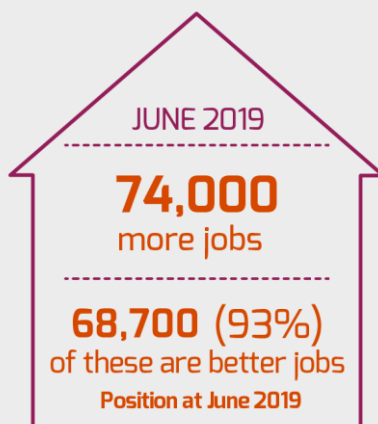
Target Increase the number of jobs in the North East economy by 100,000 by 2024



Position at June 2019



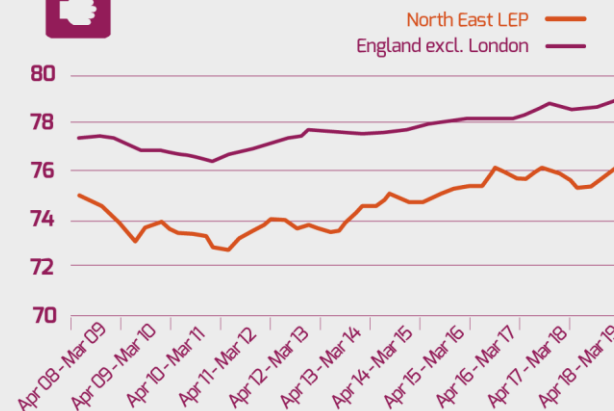
Target 70% of all jobs created from 2014 will be better jobs



Reduce the gap in economic activity for people aged 16-64  
Target 50% reduction in gap by 2024



Position at June 2019: 19% reduction

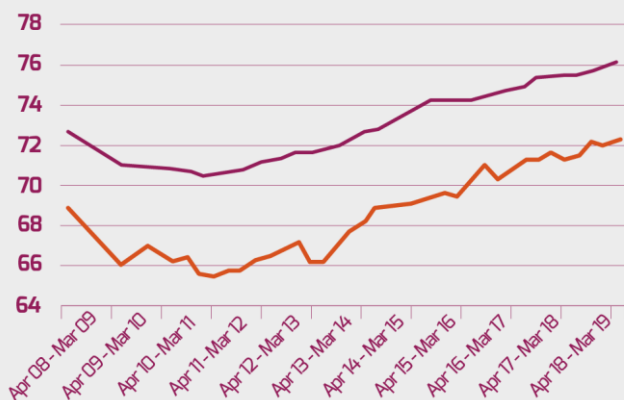


Close the gap in the employment rate for people aged 16-64  
Target 100% reduction in gap by 2024



Position at June 2019: 28% reduction

North East LEP —  
England excl. London —



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



Position at 2018: 17% increase (compared to 2015)

North East LEP (previous dataset) - - -  
England excl. London (previous dataset) - - -  
North East LEP —  
England excl. London —



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



Position at 2017: 29% reduction

North East LEP —  
England excl. London —



# Business Growth | Lead: Colin Bell

## Ambition by 2024

To be a growth orientated, dynamic and productive environment where businesses invest, grow and thrive. At a time of change, we want business leaders to be inspired and supported to achieve their goals through strengthened leadership, innovation and trade, resulting in:

- An increase to the density of scaleup businesses in the North East by 50% from 2014 to 2024. These businesses will deliver 6,000 new jobs into the North East economy
- The attraction of new businesses who invest in the North East and create 4,000 new job per year between 2014 and 2024

We want more businesses to actively seek, and find with ease, the support and finance they need to grow and to strengthen the visibility of opportunities for investment in our economy.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Raise levels of business growth ambition</b>			
<ul style="list-style-type: none"> <li>· Research, develop and implement a strategy designed to increase businesses' ambition to start up, grow, scaleup and improve</li> <li>· Develop relationships with intermediaries to reach a larger proportion of the region's businesses, with a particular focus on improving awareness amongst under-represented groups, such as women, ethnic minorities, rural areas and social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>· Aligned to LIS, we are commissioning financial input/output modelling to inform the design of the new business growth and innovation ecosystem. This will inform LIS development and future commissioning framework. Joint activity across business growth and innovation programmes.</li> <li>· Work continues with Northumbria University to inform the development of Internationalisation strategy, explore causes of low business birth rate and develop model for KIBS cluster</li> <li>· LEP Business Survey has been developed and will explore business growth drivers/suppressors and attitudes towards external business support and finance. This work will be carried out internally.</li> </ul>	Colin Bell	G
<b>Increase demand for external business support and finance</b>			
<ul style="list-style-type: none"> <li>· Provide access to business start-up support, finance and information through the North East Growth Hub online portal and the national Business Support Helpline</li> <li>· Provide one-to-one impartial brokerage to established businesses and high potential start-ups through our Growth Hub Connectors</li> <li>· Provide intensive account management and managed brokerage to businesses that are scaling up or have the potential to do so</li> <li>· Work with high quality private and public partners to ensure business support and finance are accessible to rural businesses, social enterprises and business leaders from different gender and ethnic groups</li> </ul>	<ul style="list-style-type: none"> <li>· Penetration targets to be set for future years to enhance Growth Hub reach across the North East LEP area, building up from 38% awareness of businesses asked and 9% use of Growth Hub, half of whom use it on a regular basis. Repeat survey planned for end April 2020</li> <li>· At the time of reporting: YTD 20,362 light touch intervention achieved; 136% of annual target (up from 112% at last report). YTD 98% customer satisfaction achieved.</li> <li>· Behind target to achieve high intensity interventions YTD at 64% of annual target (59% at last report). Scaleup North East continues to perform well and on target (75%). Mentoring activity has slowed substantially behind expected. However, impact of high intensity interventions is high, as indicated by a forecast uplift in GVA generated of over £61m (353% of annual target) and Scaleup North East expecting a very positive impact in productivity, lifting GVA per job forecast to be created to over £15k per FTE job, well above the target £2,500, based on cumulative data since programme start. Overall, jobs created forecast figures from our high intensity programmes at end Q3 stands at YTD 67%, up considerably since last report. 53% are better jobs.</li> <li>· The Connect team continues deliver impartial service across broad spectrum of growing businesses. YTD 380 (up from 286) medium intensity interventions and 95% of YTD target and 76% of annual target (up from 57%). Growth Hub Connector client satisfaction remains high at 98%. We continue to see a range of business sectors and geographic locations represented in our Connect client base.</li> <li>· High Potential Startups has made a solid start with cohort 1 well underway and three workshops, and supportive coaching having taken place. Mix of solo founders and founding teams and good mix of founders and business ideas. Currently recruiting cohort 2, closing date for Eols 18 Feb, see website for Eol form. Aiming for 160 Eols, with 45 received at time of reporting. Delivery model reviewed in order to ensure quality of experience, delivery and achievement of programme KPIs.</li> <li>· Scaleup North East and Supply Chain North East continue to deliver quality programmes against target. Scaleup North East engagement with private sector intermediaries, and a strong offer of workshops, seminars and networking events is serving to strengthen the pipeline.</li> <li>· RGN programme contracted to deliver 100%+ of jobs target. No change since last Board meeting and awaiting update report from the network from end Q3. Currently: 42 projects complete/underway; 100% grant committed; 90% programme spend (up from 76%); 46% programme jobs created/safeguarded (190 against increased lifetime target of 412 gross resulting from LGF extension of the project and increase in LGF funding £6m to £7m, with revised lifetime to end March 2021).</li> <li>· RDPE Growth Programme: National call open until 16 Feb. Working with partners to promote and hosting a number of workshops to generate interest. Under last call (round 2), 49 projects contracted (up from 47) but under-programming continues to increase as final applications are assessed. £5.3m has been paid to grant recipients (up from £2.7m) against an under-programming of £5.3m. Under round 3: 24 Eols of which 9 endorsed for full application. Eols represent £782k grant request against an indicative allocation of £1.5m.</li> </ul>	Colin Bell	G

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Ensure the support of external business support and finance matches the needs of businesses and the economy</b>			
<ul style="list-style-type: none"> <li>Review business support and finance provision to ensure that the region's ecosystem provides a ladder for business growth from start-up to scaleup and continuous improvement</li> <li>Introduce a quality assurance system through the North East Growth Hub that assess the quality of support offered to businesses by external business support and finance providers</li> <li>Work with private and public partners to design and develop a range of interventions to drive productivity improvement and the adoption of digital technology</li> <li>Ensure peer mentoring and peer-to-peer leadership development is available to support businesses to scale and improve productivity</li> <li>Work with partners to increase the density of high potential start-ups in the North East</li> <li>Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice</li> </ul>	<ul style="list-style-type: none"> <li>Next phase of work to design of new business growth and innovation ecosystem framework is underway with procurement of financial input/output model to test strategic priorities, programmes and funding scenarios proposed at culmination of stage 1.</li> <li>Chair appointed to lead the Finance Task &amp; Finish Group (reporting to business growth and innovation boards) and initial discussions held.</li> <li>Draft LIS includes productivity proposition, underpinned by evidence and ecosystem framework findings.</li> <li>Supply Chain North East continues to support companies to adopt digital technology and we are looking at High Potential Startups delivery model to identify opportunities to drive digital enablement.</li> <li>We continue to support the Be the Business mentoring programme in the North East, the anticipated levels of activity have been suppressed due to challenges with scaling up the programme, this is outside of our control.</li> <li>Growth through Mentoring has made five mentoring matches this year (plus one re-match), lower levels than last year, it is recognised that additional resourcing is required to support this activity.</li> <li>High Potential Startups now operation with fourteen founding teams on cohort 1, due to complete April 2020. We have reviewed process and experience and used intelligence to restructure the programme. Cohort 2 opened for Eols on 1 January. First workshop 7 March.</li> <li>Six scaleup partners continue to deliver excellent account management through Scaleup North East. Scaleup solutions and scaleup community refresh and strategic attention on stakeholder relations are strengthening the offer and building pipeline (new clients). Value add to the customer journey is bringing significant impact (jobs and GVA), including collaboration with intermediaries' firms and scaleup socials. Of the 225 companies for which we have a full set of data, 817 jobs are forecast to be created of which 60% (489) are better jobs. Combined turnover of our Scaleup North East companies exceeds £152m with a GVA increase forecast at £92.3m.</li> </ul>	Colin Bell	G
<b>Improve the region's economic resilience</b>			
<ul style="list-style-type: none"> <li>Use the North East Growth Hub to distribute up-to-date information on business support and finance options available to support Brexit preparations</li> <li>Work with partners to develop programmes and solution designed to help businesses to diversify into new markets, supply chains and geographies, including through Supply Chain North East</li> <li>Work with partners to inform the business support and finance funding mechanisms that will replace the European Structural Investment Funds</li> <li>Work with partners to set up task forces, when appropriate, to prepare for, to mitigate the effects of and to deal with the fallout of economic shocks</li> </ul>	<ul style="list-style-type: none"> <li>North East LEP is leading one of 10 Growth Hub Clusters which clusters together Growth Hubs to coordinate business engagement and preparations for exiting the EU. We are currently working with BEIS to establish the priorities post 31st January.</li> <li>We continue to advocate for the clear readiness actions that all businesses can take, whilst reporting the specific issues that businesses report as barriers to being ready for EU exit. We offered grants to NEAA and ABC to enable intelligence gathering and support to the automotive sector and Asian businesses and procured NBSL to offer Brexit workshops and specialist advisors who can support clients with emerging EU-related issues. Advisors continue to offer diagnostics/signposting to clients, and surveys collect emerging themes and trends.</li> <li>Supply Chain North East continues to support businesses to diversify into new markets to spread risk. Diversification includes in to our areas of strategic importance (automotive, renewables, offshore) and other sectors (chemicals and processing, rail, nuclear, space). Supply Chain Exchange is now operational, building networks between companies in and without the region.</li> </ul>	Colin Bell	G
<b>Grow inward investment in the region</b>			
<ul style="list-style-type: none"> <li>Combined and local authorities, the LEP, the Department for International Trade and private sector will work together with a shared ambition of securing maximum inward investment into the North East</li> <li>Establish and follow a clear target driven, lead generation model that is focused on the SEPs areas of strategic importance and support service sectors</li> <li>Have a robust account management system, led by local authorities, to share knowledge and investment opportunities with key partners</li> <li>Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate</li> </ul>	<ul style="list-style-type: none"> <li>In the first three quarters in 2019/20 there have been 52 inward investment successes in the North East LEP area creating 1,779 jobs. Of these 35 were Foreign Direct Investments creating 1,342 jobs. 17 were new UK investments creating 437 jobs. There are some significant announcements of new investment successes scheduled for the final quarter/first quarter 2020/21.</li> <li>INEE continues to deliver the DIT Key Account Management (KAM) Programme through circa £153k of DIT Northern Powerhouse funding. To the end of December 2019 there have been 18 new successes reported through this programme. INEE is working with local authorities to access key information gleaned from account management activity. DIT has announced that it has budget to support KAM in 20/21 and INEE is working with DIT to agree a NE programme of activity.</li> <li>INEE communications and marketing plan developed with input from the North East LEP and the seven local authorities. This is reviewed and updated regularly. INEE has attended/hosted NE presence at a number of events to date in 2019/20 including sponsoring events where inward missions can be arranged to coincide with the event.</li> </ul>	Guy Currey	A

## Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Quality of Growth Hub infrastructure impacted by new supplier	Forced change of supplier requires team to monitor closely the contract in order to maintain performance quality.	M	H	MH	Contract management and control. New procurement exercise underway.
Resources stretched	Resource impacts from new contracting arrangements	M	H	MH	Value for money sought from new contract. Existing suppliers and in-house personnel used to deliver actions.
Programmes do not match the needs of businesses	Lack of control over current funding landscape	M	H	MH	Liaison with BEIS, LEP taking a thought leadership role.
Future ecosystem deployment is delayed	SPF or EU funding successor is delayed	M	H	MH	Commission modelling work and prepare delivery strategy for future funding.
Business downturn and/or closure	Brexit process/outcome causes economic shock National resources are not secured or directed to deal with significant shocks Regional partners are uncoordinated and unable to draw down Government resources	M	H	MH	Engage with business and gather intelligence about business impacts of Brexit.
Ability to attract new FDI is significantly impeded with resultant economic impacts to North East LEP economy.	EU Exit and in particular, more serious impacts anticipated of a No Deal situation	M	H	MH	Continued liaison and dialogue with partners to develop contingency plans.

# Innovation | Lead: Alan Welby

## Ambition by 2024

Innovation is central to our long-term aim to build a more productive North East, fostering a competitive and embedded business base and solving social and economic challenges in the region and beyond. It is a tool for internationalising our economy, particularly in areas of specialisation, by attracting partners and investors to engage in our science, research and business base and for strengthening the competitiveness of businesses and creativity of communities.

We have an ambition of a collaborative and open innovation eco-system that enables the matching of what is needed to what is possible to drive economic or social value, or both.

We aim to increase the number of innovation active businesses by 550 and increase investment in business research, development and innovation by 50% between 2014 and 2024.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Stimulate new business opportunities through the North East Open Innovation Challenge</b>			
<ul style="list-style-type: none"> <li>Support growing activity to foster open innovation between large corporates, public sector and innovation-led SMEs in the region with a clear brand</li> <li>Support the alignment and communication of open innovation and challenge events and programmes to create critical mass and deepen engagement with regional businesses in events</li> <li>Support best practice for open innovation events</li> </ul>	<ul style="list-style-type: none"> <li>First of a series of event held in December 2019. This showed an appetite from partners to be involved in the process and to share learning and the different approaches currently being used. Further events are planned for 2020 to further develop the programme.</li> <li>The toolkit development process has been initiated with a fuller action plan developed following the initial partner workshop.</li> <li>As part of the Horizon 2020 funded INVITE project, two call rounds have been held with 50 companies engaged resulting in seven new planned partnerships. Learning from these activities is informing development of the Oi2Lab approach.</li> </ul>	Alan Welby	A
<b>Prioritise a regional pipeline of projects to form a Strategic Investment Programme</b>			
<ul style="list-style-type: none"> <li>Develop a prioritised list of regional, large scale pipeline projects</li> <li>Align with activities undertaken by our Combined Authorities</li> <li>Focus on large-scale collaborative projects that have the capacity to have significant impact for the regional economy and create jobs</li> <li>The North East LEP's Innovation Board will play a challenge and support role, holding regional partners to account for progress in developing the evidence base and business plans, securing funding and delivering pipeline projects</li> <li>Develop a programme to address identified place-based gaps to supporting business growth</li> <li>Coordinate an approach to securing funds for pipeline projects, including from the National Productivity Investment Fund (NPIF) and Grand Challenges</li> </ul>	<ul style="list-style-type: none"> <li>Project Pipeline agreed at the 23rd September Board meeting of the Innovation Delivery Board and full paper prepared for the LEP Board meeting on the 28th November for approval</li> <li>Representatives from the Economic Directors from both the North East Combined Authority and North of Tyne Combined Authority areas were part of the task and finish group to consider applications.</li> <li>Assessment criteria approved and utilised in prioritisation of projects submitted. This will be retained for assessment of future projects.</li> <li>Board reporting process was approved in September 2019 with a first full quarter activity reported in December 2019. This was well received. Two new projects accepted onto the pipeline and one project was moved to Wave 1.</li> <li>The approach to developing the key projects has been approved by the Innovation Delivery Board and implemented at the December 5th Board meeting.</li> <li>Specification for procurement for place-focused study has been drafted and discussed with partners although current resourcing levels are not sufficient to take forward. Other routes to delivery are being investigated including through the universities.</li> <li>Hosted workshop with SuperNetwork to launch the second wave of Strength in Places call. Ongoing active support is being provided to wave one priority projects.</li> </ul>	Alan Welby	G
<b>Support our businesses to capitalise on local research and innovation capability</b>			
<ul style="list-style-type: none"> <li>Strengthen collaboration between businesses and innovation assets such as universities, catapults and national centres of excellence</li> <li>Enhance the co-ordination between businesses, sectors and innovation assets</li> <li>Support our innovation assets to successfully secure national funding to run regional programmes</li> <li>Work with service delivery partners such as the NHS and local authorities to take-up and roll-out new delivery approaches</li> </ul>	<ul style="list-style-type: none"> <li>Initial demonstrator asset base mapping exercise complete. Next stage is to undertake engagement and verification of evidence.</li> <li>Engagement with universities undertaken through SuperNetwork and through the development of the LIS universities for growth proposition which sets out 16 areas for activity.</li> <li>The Innovation Project Development fund has supported seven projects to develop full business cases with a further four currently in appraisal for approval.</li> <li>Engagement is underway, with key partners aware of open innovation challenge development activity being developed.</li> </ul>	Alan Welby	G



What we will deliver	Progress update and current position	Lead	Progress Status
<b>Increase private sector investment into growing innovation businesses</b>			
<ul style="list-style-type: none"> <li>Support VentureFest and FinanceCamp</li> <li>Develop new approaches to lever private funding from outside the region</li> <li>Develop an open innovation challenge to drive increased collaborative investment</li> <li>Work with universities to continue to grow spin-out success, including through Northern Accelerator</li> </ul>	<ul style="list-style-type: none"> <li>The Innovation team continues to work closely with the SuperNetwork, and supported the 2019 programme of Innovation Practice events as well as VentureFest and FinanceCamp. VentureFest was again successful attracting 627 attendees and a 95% satisfaction rate and an approximate financial benefit from attending of £1.1m.</li> <li>Initial review of access to finance provision completed. New task and finish group to take forward work jointly with Business Growth Team established.</li> <li>The Open Innovation Challenge development is underway as reported under Activity 1. This will develop an approach that will support increased private sector investment.</li> <li>Alan Welby continues to attend the Northern Accelerator Board to support the development of the project. Northern Accelerator was also selected as a priority partner as part of the Pipeline Prioritisation Process.</li> <li>Work with the universities is on-going looking to identify routes to increase spin-out activity. Current work is being taken forward through ERDF activity with the development of the Business Growth activity addressing university activity.</li> </ul>	Alan Welby	G
<b>Engage partners to identify and drive business growth through an Innovation Sectors and Competencies Programme</b>			
<ul style="list-style-type: none"> <li>Identify and prioritise regional innovation sectors and competencies, including assessing where these align with the Industrial Strategy and North East Local Industrial Strategy</li> <li>Put robust governance in place to identify priority areas</li> <li>Ensure buy-in and engagement with private sector</li> <li>Develop a portfolio of projects and programmes</li> <li>Identify leads and capacity to drive activity</li> <li>Improve alignment of innovation activities to skills and business growth programmes</li> </ul>	<ul style="list-style-type: none"> <li>The regional sectors and competencies study taken forward with the Policy and Strategy Team to inform the Local Industrial Strategy has been completed with Technopolis providing a final report.</li> <li>Unconventional Connections has been commissioned to develop an initial IDP model that will be reported to the Innovation Board on the 23rd September as part of developing a full model by the end of the year.</li> <li>The development of the Innovation Delivery Partnership is the proposed route to ensure oversight of the niche competencies. A proposal for monitoring IDP development was approved by the Innovation Delivery Board for a programme of activity in 2020</li> <li>Partners are being engaged through the development of the Innovation Delivery Framework with a launch event planned for June 2020</li> <li>The development of the project portfolio has been taken forward through the project pipeline process addressed under Activity 2</li> <li>A series of draft proposition have been developed as part of the LIS development process.</li> <li>Initial alignment has been undertaken in joint work with Business Growth, Investment and Policy and Strategy Teams. Additional activities required to progress alignment with skills team.</li> </ul>	Alan Welby	G
<b>Coordinate regional partners to provide enhanced innovation support activity</b>			
<ul style="list-style-type: none"> <li>Supporting the delivery of a programme of innovation support for regional businesses</li> <li>Ensure activity is aligned through successful partnership brokered by the Innovation SuperNetwork</li> <li>Support businesses to increase their investment in RDI</li> <li>Strengthen our links with national and international hubs and networks to generate commercial returns for local businesses</li> </ul>	<ul style="list-style-type: none"> <li>ADDs specialist (consultants) have produced a final report proposing a new approach to the ecosystem to fit within the Growth Hub 2 approach. This will be further developed considering monitoring and evolution metrics and approaches to commissioning.</li> <li>LEP team continues to work closely with the ISN team and have delivered a series of shared events including the Strength in Places Fund workshop and the Business Growth Innovation Practice sessions.</li> <li>The challenge of increasing business RDI is being considered as part of the Innovation Delivery Framework.</li> <li>Alan Welby has arranged a series of meetings with Innovate UK, BEIS and the catapults to engage national partners in the development of the Innovation Delivery Framework and introduce the IDP model.</li> </ul>	Alan Welby	G

## Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Innovation budget insufficient to cover all activities - namely Places and Communities study	Broader budget pressures	H	M	HM	Investigating other approaches to delivery with reduced cost and reprofiling activity
Uncertainty over funding direction of key national competitions	Pre-budget period lack of clarity	M	H	MH	Keeping up to date with development and developing strong project irrespective of details of investment stream

# Skills, employment, inclusion and progression | Lead: Michelle Rainbow

## Ambition by 2024

Our long-term ambition in the North East is that demand for skills and the quality of jobs continue to improve, leading to higher productivity. To delivery this, the North East must be a place where:

- Individuals, regardless of age or employment status, have a good understanding of the employment opportunities available in the North East and the pathways to access them
- Employers have strong links with education and training providers leading to responsive provision that meets local needs
- All patterns understand the importance of skills in improving productivity and living standards, with commitment to delivering good working environments for residents

This is an ambition vision that will require substantial changes to deliver. By 2024, our ambition is that these principles are understood across the region and that there has been significant progress made towards their achievement, providing a strong base to build on in future years.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>1. Deliver North East Ambition</b>			
<ul style="list-style-type: none"> <li>· Develop a primary school benchmark pilot that could influence the national careers strategy</li> <li>· Adoption of the Gatsby Good Careers Benchmarks by all secondary schools and colleges</li> <li>· Secure and deliver a £3.4million North East Ambition programme that ensures our education system provides young people with the skills to meet the long-term needs of the North East economy</li> </ul>	<ul style="list-style-type: none"> <li>· The first full academic term of primary pilot has been completed, case studies have been submitted from 60 out of the 70 schools. An engagement plan is in place for all schools to come together in the upcoming term to share best practice. A communications strategy has been finalised and there have been a number of press releases about the pilot. Additionally, an evaluation of the pilot has been commissioned. A feasibility study, examining the impact of including careers related learning in initial teacher training is underway in partnership with Northumbria University.</li> <li>· The College Hub has been working closely with the region's colleges to map the benchmarks against the education inspection framework (OFSTED) to encourage a whole college approach to careers learning. In the schools hubs summaries of progress against the careers benchmarks have been sub each secondary school to their headteachers and governors outlining progress against the careers benchmarks. The first regional careers leader meeting of 19/20 took place in November and was attended by 140 career leads and local authority representatives.</li> <li>· Outputs continue to be ahead of target with 48 SMEs signed up in total, exceeding the target of 29 and 468 participants to the project in the previous quarter of delivery, exceeding the target of 130.</li> <li>· There has been a steady increase in both businesses joining the Enterprise Adviser Network and matched schools with EA's. We have over 136 Enterprise Advisers across many sectors within the North East Network with 108 of these matched with a school or college.</li> </ul>	Michelle Rainbow	G
<b>2. Deliver Education Challenge</b>			
<ul style="list-style-type: none"> <li>· Partner with the Department for Education and others to consider the allocation of the £24 million Opportunity North East funding to improve prospects for young people in the North East. Boost social mobility and raise aspirations for children</li> <li>· Expand delivery of the Next Generation learning pilot focussing on school leadership, high quality CPD, rich employer engagement, early preparation for next stage, a focus on wider skills, a focus on student well-being and teaching and learning through applied learning, project based learning and oracy skills</li> </ul>	<ul style="list-style-type: none"> <li>· Proposal for a LEP enhanced careers focused offer, in coordination with the Tees Valley Combined Authority was presented to the ONE Vision board. The principles of the proposal was agreed and it is undergoing final development. Currently, in conversation with DfE to agree detailed costings.</li> <li>· All Next Generational Learning Pilot phase 2 schools and colleges have now started their one to three year action planning. The industrial alignment support officers are now embedded into the schools and colleges and working with teaching staff and leadership to develop and deliver these action plans.</li> <li>· The first round of teacher externships has been delivered by Edge Foundation in Autumn term 2019.</li> <li>· The Next Generation Learning team has been sharing experiences and best practice with a range of interested organisations around the country, including academy trusts, city council and economic regeneration organisations.</li> <li>· The North East LEP has become the first LEP in England to sign a school governor champion charter with Inspiring Governance (National Governance Association).</li> </ul>	Michelle Rainbow	G
<b>3. Improve skills progression</b>			
<ul style="list-style-type: none"> <li>· Develop a list of the region's assets within FE, HE and other providers to inform future investment provision</li> <li>· Promote the North East as a potential location to pilot a system to help individuals recognise and record their transferable skills</li> <li>· Work with the Apprenticeship Growth Partnership and other partners to increase the number of apprenticeships available at all levels within growth and labour-intensive sectors</li> <li>· Support partners to implement good quality T-levels and specialist technical education to widen choices for young people</li> <li>· Secure funding to deliver a university pilot project focussing on careers and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>· The business case to produce an comprehensive asset and capability study for the region was approved. A invitation to quote has been released. It is expected that a contractor will be appointed by end of January 2020.</li> <li>· The LEP and other partners are scoping the pilot programme for transferable or fusion skills. The pilot will be influenced by the findings in the Taylor Review. A proposition for a pilot was presented to the Local Industrial Strategy Summit in July 2019.</li> <li>· The LEP continues working closely with ESFA on the second phase of the "Fire It Up" campaign to promote apprenticeships. The North East LEP is developing a strategy to help non-levy paying SMEs take up apprenticeships, and take advantage of ESFA's opening of the apprenticeships service to SMEs in 2020.</li> <li>· The LEP has submitted a proposal to an ESFA to hold a series of targeted events to promote T-levels placements, this is awaiting final approved from ESFA.</li> <li>· The LEP continues to work with the four universities in the region and Universities UK to shape a pilot programme.</li> </ul>	Michelle Rainbow	G

What we will deliver	Progress update and current position	Lead	Progress Status
<b>4. Increase youth employment</b>			
<ul style="list-style-type: none"> <li>Continue to deliver Generation North East and the model to prevent youth unemployment</li> <li>Provide specialist intensive support for those most distant from the labour market because of disadvantage, poverty, poor physical and mental health</li> <li>Grow the number of apprenticeships by developing access courses</li> <li>Ensure young people are able to develop their digital skills. This required digital skills to be build into school, FE and HE courses, exploring new models of delivery including working to secure an Institute of Technology in the region and ensuring that support for young people not in education, employment or training includes digital skills training</li> </ul>	<ul style="list-style-type: none"> <li>Generation North East delivery continues across the 5 local authority areas in partnership with the Princes Trust. To date they have successfully engaged 780 young people (18-29yrs) and supported 250 of those to enter employment. Generation North East's legacy digital project is now live. This new adult digital employment service delivered by Newcastle Futures is branded "Tyne Online". The project will test new digital methods of engaging and servicing unemployed and underemployed residents in Newcastle.</li> <li>Durham Works has engaged 7,150 young people in County Durham since January 2016. Of the 3,840 (53.7%) who have completed the programme to date, 3,380 (88.0%) have progressed into employment, education or training. We have seen high levels of recruitment across the latter part of 2019, and expect to continue during the early part of 2020.</li> <li>Work is underway on proposals to build on the data work of the SAP and capitalise on policy reforms such as T-Levels, and Institutes of Technology to inform investment in FE based on the asset and capability map.</li> <li>A contractor has been appointed to undertake part one of the future skills needs assessment across three sectors; Offshore Wind, Tourism and Digital Skills in Health and Social Care. A successful inception meeting was held and data collection will begin in February 2020.</li> </ul>	Michelle Rainbow	G
<b>5. Improve labour market activation</b>			
<ul style="list-style-type: none"> <li>Continue to develop holistic package of support for people facing health barriers to employment, building on successful projects such as Mental Health Trailblazer and Working Links, showcasing the benefits of collaboration</li> <li>Ensure support is in place for those that have moved from unemployment or inactivity into work to help them progress and acquire further skills</li> <li>Increase take up of Better Health at Work Awards and similar schemes to employers, to share employment and human resource best practice</li> </ul>	<ul style="list-style-type: none"> <li>The North East Mental Health Mental Trailblazer three year project closed at end of December 2019. 1,460 residents received support, significantly above the original estimate of 1,200. 270 participants in total were supported into work. This amounts to a 19% conversion rate, which is relatively successful for a cohort which has been traditionally 'hard-to-help'. A report to the Skills Advisory Panel on 4th February will assess the context of mental health and employment support, using the experience of Trailblazer to demonstrate what has worked, challenges, and next steps.</li> <li>The Links to Work DWP 'Opt-In' programme for the LEP area was concluded at the end of 2019. From January 2017 to the end of 2019 the programme supported 2,500 residents. Final performance data are currently being collected for a final impact evaluation, which can be made available for the next LEP Board meeting.</li> <li>There has been an upturn in the numbers of seminars and events in 2018/19 promoting the benefits of BHAWA and sharing HR best practice. The LEP is coordinating with partners on the Good Work agenda, and is attending a series of partner events on Good Work. The LEP is developing a partnership project with Durham University to develop a series of case studies looking at good work.</li> </ul>	Michelle Rainbow	G
<b>6. Ensure connected communities</b>			
<ul style="list-style-type: none"> <li>Provide targeted support for communities and individuals, focusing on those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority</li> <li>Work to secure funding and other resources to ensure that all North East residents are able to develop their digital skills regardless of their age, location or economic status</li> <li>Consideration of digital skills provision and local digital infrastructure must be prioritised</li> </ul>	<ul style="list-style-type: none"> <li>Over £70m of ESF projects are currently live, with many more coming on stream later this year. ESF projects have a strong focus on supporting disadvantaged groups and we expect to see some important results from these projects to help address long term imbalances in future.</li> <li>Digital Skills is part of the overall ESIF strategy and will be a priority in the development of future provision. The SAP will provide the start of the detailed analysis of the requirement.</li> <li>The North East LEP Digital strategy was launched in October 2019, the digital skills element is closely aligned to the connected communities programme of delivery. The workforce delivery group met for the first time in December 2020 and agreed on an initial series of priorities.</li> </ul>	Michelle Rainbow	G
<b>7. Help deliver Fuller Working Lives</b>			
<ul style="list-style-type: none"> <li>Continue to develop and implement the North East's Fuller Working Lives strategy with a supporting communications plan that targets employers and addresses the challenges and opportunities around this agenda</li> </ul>	<ul style="list-style-type: none"> <li>Work has commenced the development of a series of activities focussed on the 3 R, re-train, retrain and regain. Development of the FWL strategy is being developed as a key part of local industrial strategy. The LEP is working with regional universities to explore innovation in healthy aging, aligned with the Aging Society set out in industrial strategy.</li> </ul>	Michelle Rainbow	G

## Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Employability Framework Pilot: Lack of funding	No confirmed funding source for the employability framework	M	H	MH	Sources of funding is being sought
T Levels: Emerging government policy on T-Levels placements	Emerging government policy on T-Levels placements may result in reluctance from employers to provide apprenticeships.	M	H	MH	Regular communication with ESFA and other partners to ensure clear communication to employers on planned reforms.
Youth Employment: Future funding	Majority of programmes are funded through European Funds. Details of funds to replace them have not yet been provided, however it is anticipated that the amount of future funding will be less.	M	M	MM	Building a strong evidence base through the Skills Advisory Panel in order to ensure future funding is effective spent
Labour Market Activation: Future funding	Majority of programmes are funded through European Funds. Details of funds to replace them have not yet been provided, however it is anticipated that the amount of future funding will be less.	M	M	MM	Building a strong evidence base through the Skills Advisory Panel in order to ensure future funding is effective spent

# Transport connectivity | Lead: Philip Meikle

## Vision Statement

Our ambition is once of improved, greener and more sustainable transport options, including public transport, cycling and walking.

New mobility solutions will make travel simpler and affordable across our distinctive local economy. Quality infrastructure will make for reliable, fast journeys with connectivity into national and international freight and passenger networks. This network will be the enabler to sustainable growth and opportunity, and to the North East being an outward looking economy attracting trade, investment and visitors from across Europe and the world.

Through the Strategic Economic Plan we have established a strong investment pipeline. Our aim is to continue to deliver continuous improvement in a modern, integrated transport system that underpins our economic ambitions.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Ongoing transport project delivery</b>			
<ul style="list-style-type: none"> <li>Continued infrastructure renewals on the Metro system to promote system reliability</li> <li>Further roll out of electric vehicle charging points through the Go Ultra Low North East programme to encourage the uptake of Ultra Low Emission Vehicles in the region</li> <li>Delivery of the Local Growth Fund transport programme and the Local Sustainable Transport Fund capital programme</li> </ul>	<ul style="list-style-type: none"> <li>Project and Programme Management of circa 270 individual projects within the Metro Asset Renewal Programme. Funding of £352m confirmed with investment to date of £323m. 199 Projects completed and closed out, 67 Projects in progress. Funding / Programme completion 31 March 2021. Securing of Metro Infrastructure Funding beyond March 2021. Dialogue continuing with DfT in December 2019 - further submission of supporting documentation and meetings. DfT Programme Board scheduled for 22nd January 2020.</li> <li>Transport North East Strategy Unit are currently working to progress the procurement of a Contractor who will install the units and operate a EV network which is specifically for the taxi trade. The procurement went out to the market in the middle of October and it is expected that a contract award will occur by end of January 2020.</li> <li>Delivery of the LGF transport programme is progressing well with a number of schemes now complete. Project progress and expenditure continues to be monitored closely.</li> </ul>	Philip Meikle	G
<b>Secure funding from Transforming Cities Bid and commence delivery</b>			
<ul style="list-style-type: none"> <li>A high-quality bid, that secures significant funding for the sustainable transport network</li> <li>Begin a programme of sustainable infrastructure interventions in public transport, walking and cycling</li> <li>Develop the foundations of an innovative new mobility ecosystem with digitally based ticketing</li> </ul>	<ul style="list-style-type: none"> <li>An ambitious bid to TCF for the region was signed off by JTC on 19 November 2019 and submitted to DfT on 28 November 2019. The high cost scenario ask for the SOBC is £393.5m.</li> <li>Strategic Outline Business Case for Tranche 2 funding was submitted 28 November 2019. Further opportunities to source funding for infrastructure are being tracked following the general election. This programme will commence in April 2020, once a devolved funding settlement has been reached with DfT. A programme delivery team structure for the TNESU has been scoped and costed.</li> <li>A plan for new mobility has been prepared (this formed the basis of our FMZ bid). Exploration continues to find potential sources of funding for new mobility interventions..</li> </ul>	Philip Meikle	G
<b>Deliver better connectivity through improved infrastructure</b>			
<ul style="list-style-type: none"> <li>Interventions on the local Strategic Highways Network, including major junction projects and commencement of A1 improvements</li> <li>Roll out of the first trains in the Metro fleet replacement programmes</li> <li>Commissioning of electric vehicle filling stations and charging clusters</li> </ul>	<ul style="list-style-type: none"> <li>Highways England (HE) current work programmes for strategic highways improvements is on schedule:                             <ul style="list-style-type: none"> <li>A19: Construction on Testos/ Downhill Lane has commenced, which will create a free flowing A19 between North Yorkshire and Northumberland.</li> <li>A69: Work has commenced on two junction schemes in the Hexham area to improve flow.</li> <li>A66: Planning for the dualling scheme is progressing and HE are currently reviewing the results of public consultation.</li> <li>A1: Western Bypass improvements at Scotswood-North Brunton undergoing detailed design and due to commence in 2020/21. A1 in Northumberland, consultation has started on the Alnwick – Ellingham dualling. Due to start alongside Morpeth-Felton dualling and north of Ellingham junction improvement schemes in 2021.</li> </ul> </li> <li>Nexus have secured approval of its Final Business Case and funding from DfT and HMT for the Fleet Replacement Programme. Nexus will be taking its Decision to Award on 27th January 2020. This will allow intention to award letters to be issued and a subsequent launch event to take place in Gateshead on 28th January 2020. The award will remain confidential until 28th January in accordance with tendering protocol.</li> <li>The Sunderland filling station has now opened and has been well received. Work on the Newcastle station is due to commence imminently. The first phase of charging clusters have started to be installed and should complete this Spring. The second phase of the clusters are currently going through Planning and installation should commence early Autumn with a final installation date being in late Spring.</li> </ul>	Philip Meikle	G
<b>Develop a future transport investment pipeline</b>			
<ul style="list-style-type: none"> <li>Development of the North East Transport Plan including supplementary thematic strategies designed to support our economy</li> <li>Continued participation in Transport for the North and Rail North to identify pan-Northern connectivity priorities</li> <li>A pipeline of schemes matched to targeted funding solutions</li> </ul>	<ul style="list-style-type: none"> <li>The development of the North East Transport Plan continues: vision, principles and objectives have been drafted and are being taken to JTC for approval 18 November. Mission flowcharts based on key modes are currently being developed. The content of the mission flowcharts will include a baseline position and set out a strategic direction of where we want the region to be; key recommendations will also be presented. The information in the mission flowcharts will form the core content of the Transport Plan technical document. Unlike previous transport plans, we will digitalise the Plan to ensure it is more public facing and it will be a 'live' document so that the data and interventions can be updated. The technical document will sit behind the web based, public facing Transport Plan. It is anticipated that the consultation draft of the Plan will be endorsed by JCT summer 2020.</li> <li>The Transport North East Strategy Unit and Nexus are engaged with TIN on current projects covering the Major Roads Network, Strategic Development Corridors (road and rail) and the Long Term Rail Strategy line of route audits.</li> <li>Project pipeline for inclusion in the Transport Plan is being developed, these will be projects which are regional priorities and meet the objectives and targets within the Transport Plan. The project pipeline will be included in the Implementation Plan.</li> </ul>	Philip Meikle	A

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Improve national and international connectivity</b>			
<ul style="list-style-type: none"> <li>Delivery of the programme of interventions outlined in the Newcastle Airport Masterplan to grow routes and foster wider business growth in associated sectors</li> <li>Agreement with Northern Powerhouse Rail and others on approach to East Coast Mainline improvements</li> <li>Ongoing augmentation or port capability to support trade and investment and to foster growth in key regional areas of opportunity including energy and advanced manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Masterplan 2035 adopted by Newcastle International Airport's Board and published. Major car park redevelopment underway and new Meet and Greet facility opened. Lufthansa route to its Munich hub to commence in February 2020 with other route development work ongoing, but commercially confidential.</li> <li>Nexus are currently engaged in development work with Network Rail and TfN in projects including Northern Powerhouse Rail (1st SOBC completed, refreshed SOBC under development,) making the ECML HS2 and NPR ready (Initial future capacity analysis complete).</li> <li>Work is ongoing and we continue to liaise regularly with local ports</li> </ul>	Philip Meikle	G
<b>Use transport to drive innovation and business growth</b>			
<ul style="list-style-type: none"> <li>Joint work across all transport modes to identify opportunities for innovation areas including energy, fuels, digital mobility and the development of the Centre for Connected Autonomous Vehicles</li> <li>Collaborative work with tourism agencies to strengthen the offer for business and visitor tourism</li> <li>Collaborative work to develop supply chain and skills development programmes linked to transport and logistics</li> </ul>	<ul style="list-style-type: none"> <li>Future Mobility Zone Project closed - DfT did not shortlist the North East FMZ proposition.</li> <li>The Airport is working with other members of the Northern Tourism Alliance, including DMO's and LA's on the Visit North East England project. NTA members are providing content for the new website and the Airport is driving traffic to the site via overseas digital campaigns</li> <li>The North East Freight Partnership's Skills Working Group engages with the logistics sector, training providers and other agencies to examine ways of addressing skills and labour shortages. Next meeting scheduled for early 2020</li> </ul>	Philip Meikle	G

## Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Beyond 2020/21, funding for Metro Infrastructure renewals remains unconfirmed. Metro Infrastructure investment unfunded beyond 31 March 2021	Business Case submitted - still awaiting DfT / Treasury approval	M	H	MH	Continue to engage with DfT / Treasury. DfT Nexus Programme Board and direct communications.
Funding not available for new mobility interventions	No funding can be identified from internal or external sources to develop new mobility trials	H	M	HM	Continue to explore funding opportunities.
Pipeline of schemes for Transport Plan is not agreed and funding is not secured	Unable to reach consensus on which schemes are included in the pipeline and Funding is not available	M	H	MH	Sifting criteria for potential pipeline schemes will be discussed with JTC. The interventions will be as a result of working in partnership with each local authority.
The outcome of the Oakervee review may significantly change the NPR project and how it serves the North East.	The Oakervee review into High Speed 2 could significantly affect the current NPR network being developed in partnership with TfN and DfT.	M	H	MH	Lobbying by IIN/ JIC and LEP already taken place.

## Investment and infrastructure | Lead: Helen Golightly

### Ambition by 2024

Through focussed and coordinated investments we will address market failures and competitive weaknesses. We will work with partners to quicken the pace and scale of investment across the North East, focusing on our business and infrastructure investment opportunities and needs. Opportunities for job and productivity growth on strategic employment sites, in town and city centres, along strategic transport corridors, in our culture and tourist hubs and in the rural economy will be prioritised.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Manage the already secured North East LEP funding effectively</b>			
<ul style="list-style-type: none"> <li>Invest the £270m Local Growth Fund (LGF) grant into transport, infrastructure for strategic science parks and employment sites, plus skills and business growth activities</li> <li>Maximise the loan investment opportunity for the £55m North East Investment Fund (NEIF)</li> <li>Progress delivery of the 21 Enterprise Zone sites' infrastructure programme</li> </ul>	<ul style="list-style-type: none"> <li>In quarter 3 all LGF programme key tasks set out in the Delivery Plan were achieved. Several projects have reported slippage of completion to quarter 4. Mitigating actions in place to ensure programme spend targets for 2019/20 are met.</li> <li>LEP Board will receive an options paper in relation to LGF contingency plans to ensure programme spend targets are met, including an update on work with Local Authorities to identify reserve projects</li> <li>Commercial Property pipeline development ongoing. Procurement process for fund manager to be completed by summer 2020.</li> <li>NEIF application received from a company proposing a large development in Newcastle, which will be considered at this meeting. One other project in discussion about variation to repayment profile.</li> <li>BEIS Finance Committee provided conditional approval to release NEIF (RGF) programme obligations. Work ongoing to meet conditions by Q1 2020/21.</li> <li>LEP Investment Board have forward plan of Local Authority partners attending future meetings to update on EZ site delivery progress and issues, with Northumberland attending March 2020 meeting. LEP Executive Team due to present update on EZ sites to Developing Consensus 31 January 2020.</li> <li>EZ Application for North Bank of Tyne (Newcastle City Council) coming forward to this meeting for decision. EZ Application for Royal Quays (Port of Tyne) due to be considered at March 2020 meeting.</li> </ul>	Helen Golightly	G
<b>Coordinate partners to develop a regional project pipeline based on spatial economic priorities</b>			
<ul style="list-style-type: none"> <li>Produce a regional project pipeline based on agreed spatial economic priorities through effective partnership working with the two combined and seven local authorities, business and education partners and government</li> </ul>	<ul style="list-style-type: none"> <li>Process and timetable for preparing an updated project list to be set out in line with the LIS proposition development</li> <li>Spatial narrative to be informed by the LIS propositions and pipelining work</li> </ul>	Helen Golightly	A
<b>Secure additional investment into the North East</b>			
<ul style="list-style-type: none"> <li>Secure UK government funding linked to delivering the Industrial Strategy into the region</li> <li>Secure the notional allocation of European Structural Investment Funds into the region with partners</li> <li>Work with public and private sector partners to develop and secure funding for strategic projects</li> </ul>	<ul style="list-style-type: none"> <li>Pipelining work for LIS underway with a series of propositions that will be included in the LIS submission to Government.</li> <li>Bishop Auckland and Blyth award capacity funding to support the development of Town Deals. LEP expected to be part of each Town Deal Board which are to convene early in 2020 and produce Investment Plan by the summer.</li> <li>Details awaited from Government on the UK Shared Prosperity Fund (UKSPF)</li> <li>Approximately 72% of ERDF funds are formally contracted (as at November 2019), alongside 66% of ESF and 28% of EARFD.</li> </ul>	Helen Golightly	G
<b>Increase access to finance for business to invest</b>			
<ul style="list-style-type: none"> <li>Effectively deliver the North East Fund</li> <li>Identify gaps and market demand for new business finance models</li> <li>Develop business finance mechanisms to meet the need of North East businesses</li> </ul>	<ul style="list-style-type: none"> <li>North East Fund: £31.6m invested through 226 initial and follow on investments in to 197 businesses (up from £28m to 172 businesses at last report). Generating a high level of private sector leverage co-invested alongside the fund's intervention, achieved on a more than pound-for-pound basis, such that the total amount invested into North East SMEs now exceeds £65m. £2.75m has been returned by the funds, up from £2.3m at last report, enabling North East Fund to make repayment to the EIB totalling £2.25m, in advance of expectations, leaving an outstanding loan balance of £7.75m and keeping fund ahead of the target repayment profile of a cumulative £5m by March 2021.</li> <li>Review of the NEIF has involved North East Commercial/Industrial Property Market Assessment ongoing including an ex ante and development of appropriate pipeline.</li> </ul>	Helen Golightly	G

### Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Underspend on 2019/20 LGF budget	Delays in approved projects	M	L	ML	Mitigated through temporary funding swaps strategy
Non compliance with National Assurance Framework	Failure to adapt to LEP review requirements especially on governance matters	L	H	LH	Necessary actions reported to Board and planned to be delivered by 31/3/20
EZ Business Rate Income is not sufficient to meet the capital financing costs for infrastructure works	Slow site development and/or lack of end user interest leads across all EZ sites leads to significant drop in Business Rate Income	L	H	LH	Ongoing dialogue with sites, increased scrutiny via Investment Board

# Strategy, Policy and Analysis | Lead: Richard Baker

## Vision Statement

The North East LEP will be recognised locally and nationally as an exemplar for driving evidence based economic strategy, public policy and programme delivery.

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Strategic Economic Plan (SEP) development and delivery</b>			
<ul style="list-style-type: none"> <li>· Delivery of external interim evaluation over period 2018-2021</li> <li>· Establish processes for embedding lessons from monitoring and evaluation into LEP decision making</li> <li>· Development and delivery of comprehensive SEP communications plan</li> <li>· Prepare for next scheduled review in 2021</li> <li>· Secure alignment with other regional plans</li> </ul>	<ul style="list-style-type: none"> <li>· The evaluation and monitoring arrangements are in place and active with a full interim evaluation report due in 2021. The Board has considered the annual report findings for 2018-19</li> <li>· 2019-20 Evaluation Plan agreed and implementation on track for delivery of draft findings to the steering group in January 2020. Evaluations for the a range of projects scoped to align with overall SEP evaluation. A number of projects identified as case studies which will illustrate implementation</li> <li>· Programme monitoring data has been mapped and process for centralising is being developed through the programme managers office. Work has been progressed to access ERDF and ESF data</li> <li>· Two workshops have now been held with LEP SMT and programme managers. This work will continue with programme managers meeting the point of co-ordination. SMT will receive draft findings for 2019/2020 in February 2020</li> <li>· Key products related to the SEP have been produced including the SEP, summary documents and a video. The SEP is now an organising framework for the LEP website and is featured in all key communications activity</li> </ul>	Richard Baker	G
<b>Local Industrial Strategy (LIS) development</b>			
<ul style="list-style-type: none"> <li>· Agree and develop a vision and objectives for LIS</li> <li>· Develop a robust and open evidence base</li> <li>· Identify and develop core propositions</li> <li>· Pursue dialogue with Government regarding the LIS propositions</li> <li>· Delivery of the engagement plan. Ensuring that it is co-produced with government and partners, and according to the government time table</li> <li>· Approval of the LIS, taking through the required governance mechanisms</li> <li>· Manage the various governance mechanisms including LIS Steering Group, Working Group and papers that are required</li> </ul>	<ul style="list-style-type: none"> <li>· Governance arrangements have been established and include a Steering Group and Working Group accountable to the Board. The two groups have continued to meet throughout the Lis process</li> <li>· A Review of Productivity and Review of Sectors, Assets and Capabilities have been completed to supplement our wider evidence base. Both studies were reviewed by the Economic Evidence Forum prior to completion. A report to the Government on the LIS evidence base was submitted and approved in June 2019</li> <li>· The Board approved report outlining our evidence based, proposed vision, objectives and propositions in May 2019. This was subsequently presented and discussed at a significant LIS summit in July 2019. The wider engagement programme has included our Boards, Working Groups and other task and finish workstreams.</li> <li>· Work on key propositions has continued throughout in preparation for discussions with Government which are likely to commence in January 2020</li> </ul>	Richard Baker	G
<b>Economic analysis and commentary</b>			
<ul style="list-style-type: none"> <li>· Provide timely, accurate and appropriate analysis of data</li> <li>· Effectively communicate key messages from data using the most suitable mode of dissemination</li> <li>· Develop new methods of accessing, collating, analysing and presenting data</li> <li>· Identify opportunities to work with or provide guidance and training of other people</li> </ul>	<ul style="list-style-type: none"> <li>· Undertaken analysis of key data released over the last two months including labour market, business demography, GDP and GVA statistics</li> <li>· Issued monthly press releases on regional labour market statistics (December and January)</li> <li>· Responded to ad hoc queries from colleagues and external contacts on a variety of topics including deprivation, electoral statistics and fintech businesses</li> <li>· Contributed to work developing the North East Transport Plan performance indicators and producing evidence to inform the Tourism Action Zone bid</li> <li>· Commenced analysis and drafting of Our Economy 2020. The focus of this year's report will be the economic geography of the North East. The launch event will be on 14th May</li> <li>· Developed plan for using APIs to automate some data collection and analysis tasks. This is being implemented by the LEP's digital provider</li> <li>· Undertook workshop with college career leads to help them better understand labour market intelligence (LMI), with follow up workshop to help them develop skills in collating and analysing LMI to follow in late January</li> </ul>	Victoria Sutherland	G
<b>Delivery of research and evidence programme</b>			
<ul style="list-style-type: none"> <li>· Develop a centrally co-ordinated research programme</li> <li>· Develop appropriate mechanisms to support teams and programmes to deliver high quality research and evidence projects</li> <li>· Co-ordinate collaborative projects with NE Universities to support evidence development across LEP programmes</li> <li>· Maintain the North East Economic Evidence Forum and continue to develop its role and remit</li> <li>· Establish a research and evidence brand and presentation approach for findings</li> </ul>	<ul style="list-style-type: none"> <li>· A centralised programme of research, evidence and evaluation functions is currently being developed which will provide support, guidance and coordination to our programmes.</li> <li>· Commissioned research into current and future skills needs of three sectors (offshore wind, tourism and digital skills within health and social care) to inform the Skills Advisory Panel, with another pending looking specifically to pilot and roll out innovative methodologies to capture future and transformational skills needs within identified sectors.</li> <li>· The team continue to explore different procurement mechanisms for research and evaluation projects for example using Impact Accelerator Funding. An initial exploratory workshop with Durham University was held, looking to broker relationships between the innovation, skills and business growth teams and academics. Three projects are going through the first stage of Durham University's IAA process, with two further projects in development. An initial conversation with Sunderland University on possible research collaborations in relation to the Productivity Insights Network has taken place which will be explored further in 2020.</li> <li>· An evidence forum meeting was held exploring the place competitiveness agenda for the North East, with presentations from the North East Culture Partnership and New Skills Consulting who are developing the evidence base for the Tourism Action Zone proposition.</li> <li>· The research and publications page on the North East Data Hub is under development, which will house relevant reports and insight pieces on the evidence base supporting the SEP.</li> </ul>	Emma Ward	G

What we will deliver	Progress update and current position	Lead	Progress Status
<b>Informing public policy in priority areas</b>			
<ul style="list-style-type: none"> <li>Confirmation of scope and activity of LEP public policy action</li> <li>Brexit monitoring and preparation</li> <li>Strengthen and co-ordinate engagement with the northern powerhouse and its constituent activities</li> <li>Support and promote approaches which can deliver enhanced devolution to the region to support the economy</li> <li>Move forward a co-ordinated approach to public policy and development related to infrastructure</li> <li>Monitor other parliamentary activities across the economic infrastructure agenda and develop agreed approaches</li> </ul>	<ul style="list-style-type: none"> <li>Supported by our two Combined Authorities, in January 2020, the LEP has been able make an appointment to a post of a Policy Coordinator to support work on EU Exit, and other agreed priorities</li> <li>The North East Brexit Group has held a meeting to review its work programme following the General Election and the confirmation of EU departure in January 2020. It is updating North East key messages as an immediate priority linked to the future trade deal and domestic policy agenda. It will take forward evidence and policy activities on information and support for business, trade facilitation, skills and migration, future funding, and scientific collaboration, and will update evidence about impacts on key sectors, including manufacturing, education and rural. The Group members will also continue to work with the Business Growth team and Local Authorities on monitoring and reporting to Government.</li> <li>SMT met with the NP11 Coordinator, leading to an update report to the Board (November 2019) and Local Authority Economic Directors (January 2020) agreeing priority activities across the priority themes identified in the Manifesto for the North published in December 2019. A coordination group will be established bringing together partners focused on key issues highlighted including trade and investment, innovation, energy, transport and energy. Other manifesto issues on housing and skills are being assessed</li> <li>With the benefit of additional capacity, the previous paper setting out an approach to Public Policy agreed by the Board in 2018 will be reviewed with a further paper to follow later in the year</li> </ul>	Richard Baker	G
<b>Energy for growth programme</b>			
<ul style="list-style-type: none"> <li>Maintain active regional governance and profile for energy</li> <li>Develop an active Offshore Energy Cluster to promote growth working with TVCA &amp; other partners</li> <li>Develop the NE Energy Catalyst partnership and its programme of work</li> <li>Accelerate delivery of regional energy initiatives, linked to the BEIS Local Energy programme</li> <li>Engage actively with wider governance and political structures to embed Energy for Growth strategy</li> <li>Integrate Energy for Growth and its priorities with skills, business growth and innovation delivery programmes</li> </ul>	<ul style="list-style-type: none"> <li>North East LEP and Energy Catalyst partners presented at the NP11 energy conference in Hull, and Venturefest 2019. First Energy for Growth newsletter launched with good coverage via web page views and twitter impressions.</li> <li>Offshore Wind Supply Chain study at final draft stage, outlining job creation and GVA growth opportunity for the North East. Findings to be presented to stakeholders in early February.</li> <li>Energi Coast offshore wind stakeholders consulted on skills needs assessment being undertaken by skills team. National sector deal skills lead presented at skills working group convened by North East LEP.</li> <li>Phase 1 North East Energy Catalyst delivery plan being developed, including quick win activity such as an innovation challenge programme through 2020, communications plan also in place.</li> <li>£20k funding secured from NEYH and Midlands BEIS energy hubs to commission a mine energy white paper, to accelerate delivery in the UK, balance of funding being sought from partners.</li> <li>Rural Energy Officer in post, with new applications to RCEF being brought forward and ongoing stakeholder relationships being developed around the rural energy agenda.</li> <li>LGF Energy for Growth Fund received 23 applications with a total grant ask of c£2.2m, following a highly successful three week expression of interest window. Shortlisted projects undergoing business case appraisal with first grant agreements anticipated in January. Insufficient funding to take forward all projects which are in principle viable, so further funding being sought through LGF programme.</li> </ul>	Andrew Clark	G
<b>Digital programme</b>			
<ul style="list-style-type: none"> <li>Secure agreement from the North East LEP Board to a North East Digital Strategy</li> <li>Create a governance structure to oversee delivery of the work programme</li> <li>Develop an agreed communications plan to promote NE Digital development</li> <li>Develop and begin delivery of an active pipeline of projects to under themes: data; infrastructure and connectivity; creative production and application; and workforce</li> </ul>	<ul style="list-style-type: none"> <li>Digital Steering Group have met three times so far with additional dates scheduled for the coming year.</li> <li>Early stage project pipeline developing.</li> <li>Workforce: first workforce Delivery Group met on 25th November; potential institute of coding collaboration on digital skills training; ongoing conversations with Prof. Sue Black at Durham University regarding digital skills for hard to reach communities; task and finish group convened to develop a project around digital skills for non-digital businesses. Next workforce delivery group to be scheduled in Q1/2 with a focus on third sector organisations including potential collaboration with VONNE.</li> <li>Data: Delivery Group meeting scheduled for 23rd January; LEP and NICD co-authoring evidence base and report to inform regional business engagement strategy and data led business growth opportunities; report launch due in Spring to coincide with second Delivery Group meeting.</li> <li>Infrastructure and Connectivity: research commission planned to map the North East's digital connectivity provision, delivery organisation to be procured in Spring.</li> <li>Collaboration and Enterprise: small task and finish group convened on tech start-up support and R&amp;D/business collaboration, delivery group to be launched by the end of the first quarter of 2020.</li> <li>Our communications plan is now in delivery focused on ongoing commentary about the digital strategy and the North East Digital community, and highlighting progress on the four priority themes.</li> </ul>	Laura Partridge	G
<b>Health and life sciences programme</b>			
<ul style="list-style-type: none"> <li>Working with the Steering Group refresh the project pipeline in the context of the evidence base and the aims and objectives of the Strategic Economic Plan and Local Industrial Strategy</li> <li>Health and life sciences eco-system development</li> <li>Develop an influencing plan to promote and develop NE Life Sciences development</li> </ul>	<ul style="list-style-type: none"> <li>The Terms of a Reference and Membership of the Health and Life Sciences Steering Group have been reviewed and updated, with a new Terms of a Reference agreed in December 2019</li> <li>The current evidence base and project pipeline is being reviewed in preparation for the development of a Health and Life Sciences strategy document which will be presented to the Board in the summer of 2020. This will be supported by communications and engagement activity</li> <li>Communications Strategy being developed with partners alongside economic growth strategy</li> </ul>	Katherine Forbes	G

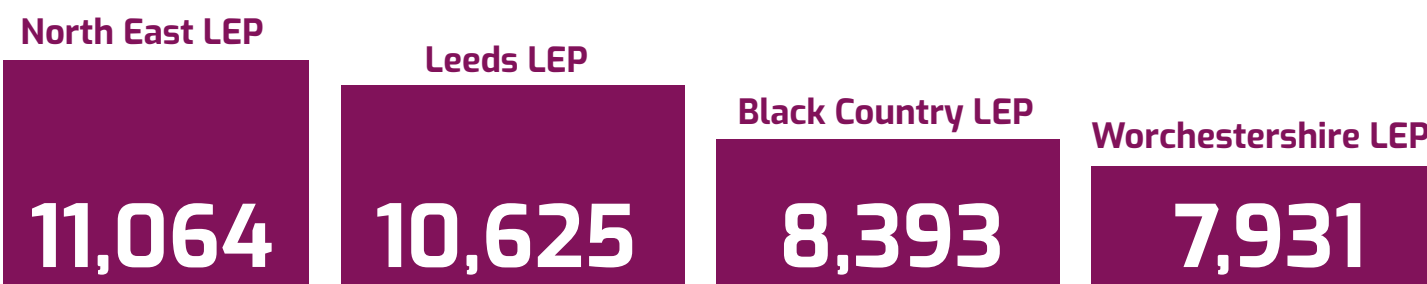


# Communications update

## January 2020

Total followers		Followers increased by	Total reach	Impressions since November)
Twitter	11,064	(+2.2%)	Twitter	212,689
LinkedIn	5,765	(+6.2%)	LinkedIn	47,141
since November				

## Top performing LEPs on Twitter:



## Top posts:

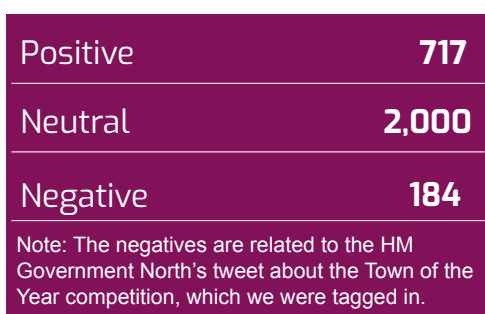
■ Paid ■ Organic

Twitter	Reach	Responses	Clicks	Retweets
Just a week left to put forward a nominee in this year's Institute of Physics (@PhysicsNews) awards. Do you know of a North East apprentice, appren-	10,728	42	7	9
Nominations are open now for the Institute of Physics (@PhysicsNews) Apprentice, Apprenticeship Employer and Technician Awards, recognising	8,160	33	12	9
Christmas thread! Pupils at Fellside Primary in Gateshead have been learning about careers through a special Christmas performance....	20,782	779	39	10
LinkedIn	Reach	Engagement	Clicks	Likes
The shortlist has been announced for this year's Northern Power Women Awards and it's great to see lots of North East names. Congratulations to	1,518	7.97%	101	19
This is fantastic news from the The North East Fund Ltd.; helping more than 130 businesses in the North East create more and better jobs for our region.	1281	7.5%	78	19
Eight members of the #NorthEast business and academic communities have been appointed to the North East's Digital for Growth steering group.	1278	7.5%	68	20

## Mentions:



## Sentiment:



## Highlights:



## Upcoming events:

**14 May:** Our Economy

## Priority actions for the next two months:

### Action 1:

Embed the internal communications strategy following approval by Chief Exec and SMT.

### Action 2:

Paperwork was more complex than initially anticipated for the procurement of a digital supplier, so there has been a slight delay. Current framework has been extended to March 2020.

## Website performance summary:

Audience		Top five news pages		views
Visitors	12,452	/news/steering-group-formed-to-support-north-east-digital-strategy	988	
Total page views	23,376	/news/north-east-lep-expands-innovative-ford-next-genera-	671	
Average session duration	2m39s	/news/energy-for-growth-team-expanded-through-new-appointments	518	
		/news/silverdale-school-looks-to-boost-talent-pipeline-with-business-event	282	
		/news/rural-decarbonisation-challenge-launchedreers-hubs-for-the-region	276	
Traffic source		Top five pages		views
Organic	4,090	Home	10107	
Direct	3246	About/-executive-team	3146	
Social	1402	The-plan	2927	
Referral	390	Projects	2314	
Other	34	About	2155	
Email	51			



# North East

Local Enterprise Partnership



[Info@nelep.co.uk](mailto:Info@nelep.co.uk)



[uk.linkedin.com/company/north-east-lep](https://uk.linkedin.com/company/north-east-lep)



0191 338 7420



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



[@northeastlep](https://twitter.com/northeastlep)



1 St James Gate,  
Newcastle upon Tyne,  
NE1 4AD



**30 January 2020**

**ITEM 9: LEP Boards' membership update**

**1.0 Background**

1.1 This report provides an update and sets out the current membership of the main LEP Board, the four Advisory Boards and other groups led by the LEP to demonstrate the wide range of partners and key stakeholders involved in the operations and governance of the LEP.

**2.0 Main LEP Board recruitment**

2.1 The LEP welcomes the three new main Board members, recruited in December by the Chair and Vice Chairs. Erika Leadbetter and John McCabe join the Board as private sector members replacing David Land and Farooq Hakim. Carol Botten has taken the new board position to represent the Voluntary, Community and Social Enterprise Sector (VCSE).

The recruitment has also enabled the Board to meet its gender balance target.

The Executive Team have passed on sincere thanks to David and Farooq on behalf of the Board for their time, expertise and advocacy throughout their terms on the Board.

**3.0 Board Membership**

3.1 Appendix one sets out the LEP Board governance structure, showing the LEP Board and the four key Advisory Boards, which are the Innovation Delivery Board, Business Growth Board, Skills Advisory Panel and Investment Board. It also shows the LEPs main task and finish groups, which provide more focus on our key sectors, as well as the regional groups around Brexit preparedness and evidence gathering. The list also shows both combined authority representatives on each group, as agreed by a previous Board decision. The Executive Team will invite further nominations from each combined authority where there are current gaps.

3.2 The Board currently has two designated champions; Ammar Mirza represents SMEs and Carol Botten represents the VCSE sector.

3.3 For completeness, we should note that the LEP Chair is a member of each combined authority, with Gillian Hall being the substitute member for the North East Combined Authority and Mark Thompson the substitute member for the North of Tyne Combined Authority.

David Land also used to represent the LEP on the Transport for the North

(TfN) Board with Mark Thompson as deputy.

3.4 Mark Thompson is stepping down as the Chair of the Business Growth Board. It is recommended that Ammar Mirza takes on this role which will complement his SME champion status.

3.5 Alan Lowden's term as Chair of the Innovation Delivery Board is coming to an end. There is also a vacancy for a private sector member on the Investment Board and a nomination for one of the private sector members to chair the Board. It is therefore proposed to delegate the decision to the main LEP Board Chair to nominate:

- A new Chair for the Innovation Board
- A new Chair for the Investment Board
- A replacement private sector member on the Investment Board to fill the vacancy left by David
- A replacement private sector member for the TfN Board to fill the vacancy left by David.

#### **4.0 Agreement to new term**

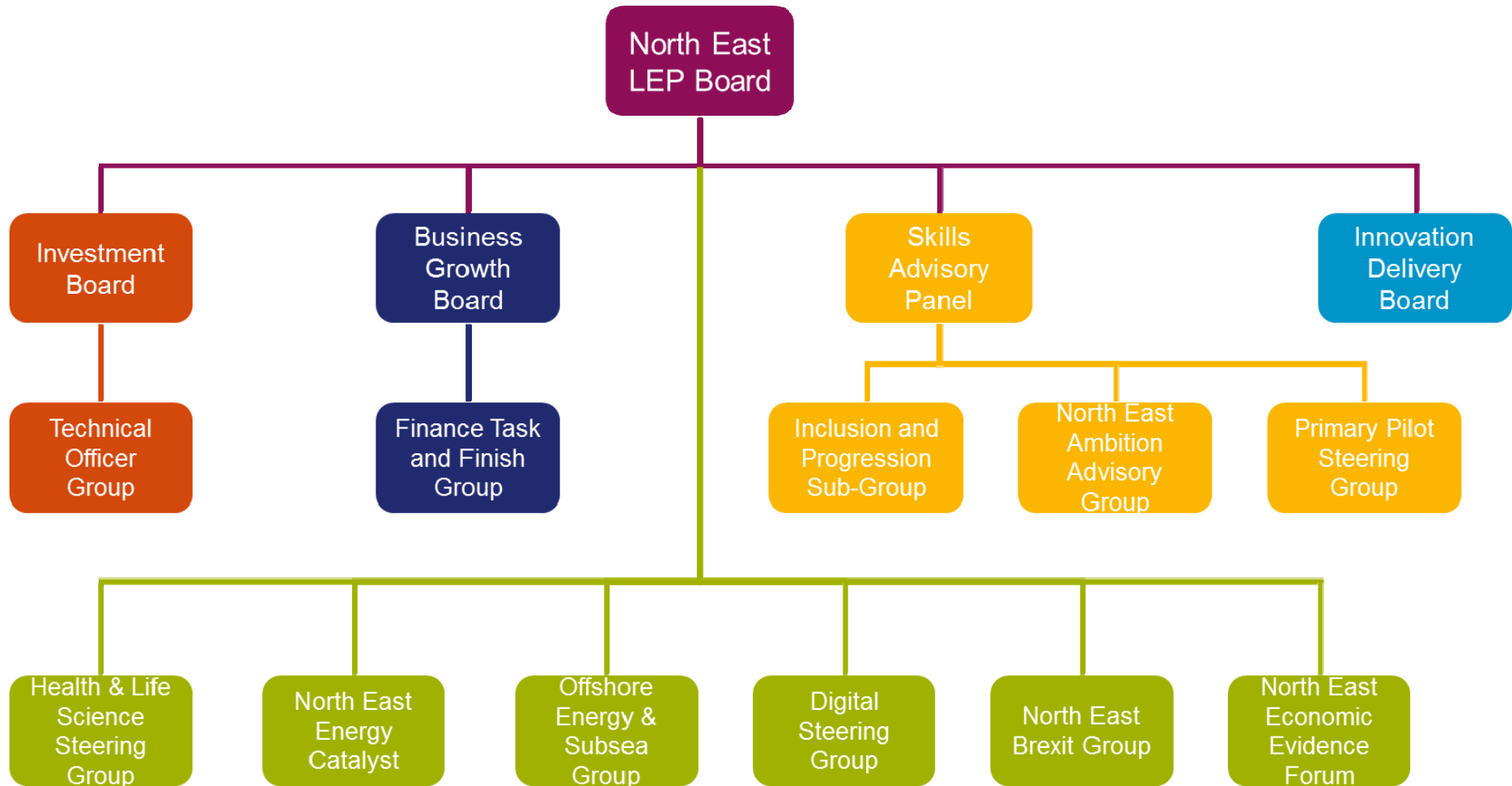
4.1 Gillian Hall's term on the Board is also due for renewal and the Board is recommended to approve a further term.

#### **5.0 Recommendation**

5.1 The Board is recommended to:

1. Note the content of the report;
2. Agree that Ammar Mirza becomes the Chair of the Business Growth Board;
3. Agree the delegations as set out in paragraph 3.5;
4. Agrees that Gillian Hall has a further term on the LEP Board.

Appendix one – LEP Board governance



## North East LEP Boards and Task and Finish Groups membership

Member Name	Organisation	Notes
Andrew Hodgson	Northern Value	Chair
Heidi Mottram	Northumbrian Water Group	Vice Chair
Gillian Hall	Gillian Hall Consulting Ltd	
Erika Leadbeater	TSG Marine	
John McCabe	Fusion	
Ammar Mirza	AmmarM (UK) Limited	SME representative
Andrew Moffat		
Mark Thompson	Ryder Architecture	
Kate Wickham	Gate 7	
Prof. Stuart Corbridge	Durham University	
Ellen Thinnesen	City of Sunderland College	
Carol Botten	Voluntary Organisations Network North East	VCSE representative
Cllr Nick Forbes	Newcastle City Council	
Cllr Martin Gannon	Gateshead Council	
Cllr Simon Henig	Durham County Council	
Cllr Peter Jackson	Northumberland County Council	
Cllr Iain Malcolm	South Tyneside Council	Vice Chair
Cllr Graeme Miller	Sunderland City Council	
Mayor Norma Redfearn	North Tyneside Council	

### North East LEP Investment Board

Member Name	Organisation	Notes
Gillian Hall	North East LEP Board	
Andrew Moffat	North East LEP Board	
Private sector member tbc	North East LEP Board	
Cllr Iain Malcolm	South Tyneside Council	NECA representative
Cllr Bruce Pickard	North Tyneside Council	NTCA representative
Jason Hobbs	North East Finance	independent specialist
Ian Richards	Northstar	independent specialist
David Furniss	BNP Paribas	independent specialist

### Business Growth Board

Member Name	Organisation	Notes
Mark Thompson	North East LEP Board	Chair
Ammar Mirza	North East LEP Board	Proposed new Chair
Kate Wickham	North East LEP Board	
Tom Frater	Department for Business, Energy and Industrial Strategy	
Ryan Maughan	AVID Technology	
Jane Robinson	Newcastle University	
Dr Marie Wilson	Department for International Trade	
Toby Bridges	NBT Group	
Cllr Peter Jackson	Northumberland County Council	NECA representative
Cllr Graeme Miller	Sunderland City Council	NTCA representative

### Skills Advisory Panel

Member Name	Organisation	Notes
Andrew Hodgson	North East LEP Board	Chair
Ellen Thinnesen	Sunderland College	Vice Chair
Beth Farhat	Trades Union Congress	
Carol Botten	VONNE / LEP Board Member	
Chris Zarraga	Schools North East	
Sir David Bell	University of Sunderland	
Emma Banks	Remarketing PR	
Helen Golightly	North East LEP	
John Taylor	Education and Skills Funding Agency	
Karen Marshall	Accenture	
Lisa Crichton-Jones	NHS	
Michelle Rainbow	North East LEP	
TBC	North East England Chamber of Commerce	
Sandra Brydon	Department for Work and Pensions	
Sarah Glendinning	Confederation of British Industry (CBI)	
Tom Frater	Department for Business, Energy and Industrial Strategy	
Cllr Simon Henig	Durham County Council	NECA representative
Cllr Wayne Daley	Northumberland County Council	NTCA representative



Graham Wood	Durham County Council	
Leigh Mills	North of Tyne Combined Authority	

### **Innovation Programme Delivery Board**

<b>Member Name</b>	<b>Organisation</b>	<b>Notes</b>
Alan Lowdon	Cleantech	Chair
Gillian Hall	North East LEP Board	Vice Chair
Alan Welby	North East LEP	
Richard Baker	North East LEP	
Helen Golightly	North East LEP	
Colin Herron	Zero Carbon Futures	
Tony Appleton	Green Power Global	
Michael Whitaker	Newcastle University	
Nicola Wesley	NHS AHSN	
Lee Viney	Innovate UK	
James Battensby	Offshore Renewable Energy Catapult	
Estelle Blanks	Innovation SuperNetwork	
Mike Capaldi	Newcastle University	
Patrick Melia	Sunderland City Council	NECA representative
Cllr Nick Forbes	Newcastle City Council	NTCA representative

### **North East LEP Technical Officer Group**

<b>Member Name</b>	<b>Organisation</b>	<b>Notes</b>
Helen Golightly	North East LEP	Chair
Paul Woods	NECA - finance	NECA representative
Peter Judge	NECA - legal	
Katy Laing	NTCA - finance	NTCA representative
Ray Browning	North East LEP	
Matthew Ebbatson	North East LEP	
Ben McLaughlin	North East LEP	
Rachelle Forsyth Ward	Transport North East Strategy Unit	
Vince Taylor	Sunderland City Council	LA7 Economic Directors rep
Adrian Coates	Department for Business, Energy and Industrial Strategy	
Claire McLaughlin	Ministry of Housing, Communities and Local Government	

**Business Growth Board - Finance Task and Finish Group**

Member Name	Organisation	Notes
David Hicks	Deloitte LLP	Chair
Ammar Mirza	Business Growth Board	
Estelle Blanks	Innovation Programme Delivery Board	
Simon Hanson	Federation of Small Businesses	
Jason Hobbs	North East Finance	
tbc		NECA representative
tbc		NTCA representative

**Inclusion and Progression Sub-Group**

Member Name	Organisation	Notes
Alex Murray	North East LEP	
Amanda Venner	NHS	
Christine Wild	Department for Work and Pensions	
Carol Botten	Voluntary Organisations Network North East	
Clare Watkin	Big Lottery	
Duncan Nicholson	Big Lottery	
Elaine Inglis	Education Development Trust	
Ellie Haisell	North East LEP	
Gillian Gibson	Sunderland City Council	
Graham Wood	Durham County Council	
John Taylor	Education and Skills Funding Agency	
Julie Killick	Gateshead Council	
Kathryn Foley	Big Lottery	
Kevin Higgins	Northumberland County Council	
Mark Barrett	North Tyneside Council	
Martin McDonnell	Gateshead Council	
Michelle Rainbow	North East LEP	Chair
Michelle Stone	North of Tyne Combined Authority	
Paul Robson	Department for Work and Pensions	
Robin Beveridge	Newcastle City Council	
Sandra Brydon	Department for Work and Pensions	

Sarah James	South Tyneside Council	
Vince Taylor	Sunderland Council	
Wendy Starks	North of Tyne Combined Authority	

#### North East Ambition Advisory Group

Member Name	Organisation	Notes
Sarah Glendinning	CBI	Chair
Bill McGawley	TDR Group	
Kehri Ellis	North Tyneside Learning Trust	
Lil Collingham	Teach First	
Neil Warwick		
tbc	North East England Chamber of Commerce	
Vicki Morton	Sunderland College	
Neil Willis	North East LEP	
Matt Joyce	North East LEP	
Bill McGawley	Finchale Training College	
tbc		NECA representative
tbc		NTCA representative

#### Primary Pilot Steering Group

Member Name	Organisation	Notes
Sian Brown	EY Foundation	Chair
Michelle Rainbow	North East LEP	
Matt Joyce	North East LEP	
Jodie McNally	EY Foundation	
Isabel Hutton	Careers and Enterprise Company	
Joy Parvin	York University	
Lesley Thain	Careers and Enterprise Company	
Dawn Prior	Teach First	
Ryan Gibson	Academies Enterprise Trust	
tbc		NECA representative
tbc		NTCA representative

#### Health and Life Sciences Steering Group

Member Name	Organisation	Notes
Michael Whitaker	Innovation Board member	Chair
Tim Hammond	Durham University	
Geraint Lewis	Newcastle University	
Tony Alabaster	University of Sunderland	
Carolyn Horrocks	Northumbria University	
Katherine Forbes	North East LEP	
Richard Baker	North East LEP	
Geoff Davison	BioNow	
Nicola Wesley	AHSN NENC	
Philip Aldridge	NEPIC	
Arun Harish	CPI	
Guy Currey	Invest North East England	
Sarah Hart	RTC North	
Dale Athey	NPL	
Kevin Cook	First for Pharma	
Will Dracup	Biosignatures	
Roger Kilburn	Arcinova	
Andrew Tasker	Femeda	
Ben Cantwell	Kromek	
Angela Topping	Newcastle Joint Research Office	
tbc		NECA representative
tbc		NTCA representative

#### North East Energy Catalyst

Member Name	Organisation	Notes
Andrew Clark	North East LEP	Chair
Alan Welby	North East LEP	
Tony Quinn	Offshore renewable energy catapult	
Phil Taylor	Newcastle university	
Jon Gluyas	Durham university	
Neal Beattie	Northumbria university	
Emma Greenwood	British Engines Group	
Peter Riddell	Innovation SuperNework	

Graham Southall	Northumbrian Water	
Keith Owen	Northern Gas Networks	
Patrick Erwin	Northern PowerGrid	
Colin Herron	Zero Carbon Futures (Gateshead College)	
Andrew Clark	North East LEP	
David Lynch	North East LEP	
Richard Baker	North East LEP	
Mark Jackson	Sunderland City Council	NECA representative
Janice Rose	Northumberland County Council	NTCA representative

### Offshore Energy and Subsea Technology Hub

Member Name	Organisation	Notes
Tony Appleton	Burns Macdonald	Chair
Ralph Manchester	Royal IHC	
James Battensby	Offshore Renewable Energy Catapult	
Guy Currey	Invest North East England	
Stephen Wilson	Soil Machine Dynamics (SMD)	
Andy Williamson	Port of Blyth	
Graeme Young	Newcastle University	
Andy Reay	Deme Group	
Tom Nightingale	GE Baker Hughes	
Nick Oates	Engie Fabricom	
Paul Parry	Port Training Services	
Alan Lowdon	Durham Energy Institute	
Richard Baker	North East LEP	
Andrew Clark	North East LEP	
tbc		NECA representative
tbc		NTCA representative

### Digital Steering Group

Member Name	Organisation	Notes
Stuart Lynn		Chair
Pete Daykin	WordNerds	
Deni Chambers	Gateshead College	
Alison Shaw		
Herb Kim	Thinking Digital Ltd	
Michelle Rainbow	North East LEP	
Richard Baker	North East LEP	
Laura Partridge	North East LEP	
tbc		NECA representative
tbc		NTCA representative

#### North East Brexit Group

Member Name	Organisation	Notes
Rob Hamilton	Newcastle City Council	Chair, NCTA representative
Vince Taylor	Sunderland City Council	NECA representative
Alistair Westwood	CBI	
Beth Farhat	TUC	
Carol Botten	Voluntary Organisations Network North East	
Carolyn Clayton	Gateshead Council	
Adrian Coates	Department for Business, Energy and Industrial Strategy	
Daniel Monnery	Northumbria University	
Gillian Miller	New College Durham	
Guy Currey	Invest North East England	
Jack Simpson	North East England Chamber of Commerce	
Joe Gallant	Northumbria Local Resilience Forum	
Jonathan Lamb	Entrepreneurs Forum	
Dawn Huntrod	MAKE UK	
Michelle Duggan	Newcastle University	
Mike Wade	Business Durham	
Neil Warwick	Federation of Small Businesses	
Sarah McMillan	Northumberland County Council	
Tom Frater	Department for Business, Energy and Industrial Strategy	
Tony Gates	North East Farming and Rural Affairs Network	

Simon Heydecker-Dent	Ministry for Housing, Communities and Local Government	
Emma Ward	North East LEP	
Paul Carbert	North East LEP	
Richard Baker	North East LEP	

### North East Economic Evidence Forum

Member Name	Organisation	Notes
Richard Baker	North East LEP	Chair
Anna Round	IPPR North	
Adrian Coates	Department for Business, Energy and Industrial Strategy	
Alex Finkel	Nexus	
Carolyn Clayton	Gateshead Council	
Laura Coe	National Audit Office	
Danny MacKinnon	Newcastle University	
Glenn Martin	Durham County Council	
Gonzalo Nunez-Chaim	What Works Centre for Local Economic Growth	
Hannah Richmond	CBI	
Richard Harris	Durham University	
Jonathan Walker	North East England Chamber of Commerce	
Mauricio Armellini	Bank of England	
Mike Hawking	Joeseph Rowntree Foundation	
Paul Swinney	Centre for Cities	
Rob Hamilton	Newcastle City Council	
Rob Strettle	Northumberland County Council	
Sarah McMillan	South Tyneside Council	
Sue Parkinson	County Durham Economic Partnership	
Tom Mordue	Northumbria University	
Victoria Sutherland	North East LEP	
Vince Talyor	Sunderland City Council	
Rosa Fernandez	Department for Business, Energy and Industrial Strategy	
Beverley Linsley	North of Tyne Combined Authority	

**30 January 2020**

**ITEM 10: Inward Investment Update**

**1.0 Background**

1.1 The strategic inward investment service for the North East LEP is Invest North East England (INEE). INEE works closely with a range of partners including the seven local authorities and the Department of International Trade (DIT) to attract new inward investment into the North East.

This report provides a brief update on INEE activity to date in 2019/20.

**2.0 Inward Investment Successes 2019/20**

2.1 Preliminary successes/new job numbers for Q1-3 2019/20, for the North East LEP area are:

- 35 Foreign Direct Investment (FDI) projects resulting in 1,342 new jobs
- 17 UK inward investments projects resulting in 437 new jobs

Key Inward Investment successes so far this year include:

- Ocado first tenants into The BEAM, Sunderland, 300 new jobs
- Sumitomo, manufacturing facility and first tenant on Jade Business Park
- XE.com announcing new offices in Newcastle
- Thermo Fisher Plant, Cramlington creates significant job numbers
- Nuby expands presence in South Tyneside
- MAN Trucks and Bus, opens a new facility in Team Valley, Gateshead

**3.0 Current Enquiries**

3.1 The INEE team is very busy at present leading on a number of significant enquiries predominantly in the advanced manufacturing, digital tech, energy, and business services sectors.

The team has an active pipeline of 226 projects

Two of the most significant projects that the team is leading on at present:

- The team has been working closely for over a year with a major foreign-owned business services company organising a number of visits to numerous sites. The company is expecting to create 450 jobs in the first three years of operation with 1,000 in its first ten years. This is expected to be confirmed as a successful project in February.
- An advanced manufacturing company looking to establish a 500,000 ft<sup>2</sup> factory. The company visited eight sites in the N.E. before Christmas (in



five local authority areas) and is currently assessing a shortlist of four N.E. sites against three elsewhere in the UK. This project would involve circa £70m investment and create 900 new jobs. This project is likely to be supported by the North East Inward Investment Grant.

#### **4.0 Marketing and Communications**

4.1 Key elements in 2019/20 include:

- Launch of the six sector showcase videos
- Production / launch of shorter themed videos to complement to above
- Growing website traffic to the INEE websites
- Increase following on social media outlets
- Improvement to the INEE website which has supported an improved SEO ranking and visitor experience

The team has featured in a number of panel discussions (i.e. Fintech North), media publications and attended key UK and international events to support the positive promotion of the North East as a key investment location, such as the British Ambassador's dinner for the Irish Immersive Tech sector in December.

With support from the North East LEP Communication Team, INEE is looking at the marketing strategy moving forward in to FY 20/21. The strategy will be a combination of event attendance, digital marketing (social media) and possible paid for advertising in key outlets (i.e. the continuation of Bdaily 'Hot Topics' sponsorship).

#### **4.2 Events**

The INEE team has already attended / exhibited at / sponsored a number of events in 2019/20 representing the region. Key events include:

- XRTGO (April 2019)
- Thinking Digital, (May 2019)
- Global Wind, London (June 2019)
- Northern Exposure, (September 2019).
- NEAA Expo, (September 2019)
- MIPIM UK SUMMIT (October 2019) – report attached
- Offshore Wind North East (November 2019)
- Eirmersive Irish Immersive Tech Dinner (December 2019)
- North East Built Environment Conference (Jan 2020)

The INEE team has also agreed to sponsor / exhibit at the following upcoming events:

- Shared Services Leaders' Summit (March 2020).
- MIPIM Cannes (March 2020)

## **5.0 Lead Generation**

### **5.1 *OCO Global***

The sourcing of completely new leads for the North East is a vital part of INEE's activity, adding value to the LA7 local authorities' own activities. In 2019 INEE entered into its second lead generation contract with OCO Global. The contract commenced in July with an amended specification which focuses on:

- Companies in the Financial Professional and Business Services (FPBS) and the digital & technology sectors, which have a base in London, the South East of England, Northern Ireland, or the Republic of Ireland, and who would consider the INEE area as a potential area for re-location or opening a new facility
- UK-based advanced manufacturing companies operating in one or more of the North East's key manufacturing sub sectors including:
  - automotive (especially electrical vehicles and supporting technology companies, including R+D functions)
  - energy (including offshore wind technologies)
  - food and drink.

Whilst these are the primary target sectors/markets, projects outside of these broad sectors, but in line with any of INEE's other key sectors, will be sought.

The five key sectors are:

- Digital and Tech
- Energy
- Life Sciences
- Automotive and Advanced Manufacturing
- FPBS

### **5.2 *Graduate Intern***

In addition to this external lead generation activity, in September 2019, INEE appointed a graduate intern to identify further leads in the key sectors, utilising a range of tools and databases. The intern has made good progress and several conversations are ongoing with potential leads.

## **6.0 Working with the Department of International Trade (DIT)**

### **6.1 *High Potential Opportunity (HPO)***

INEE was successful in its bid for the development of a High Potential Opportunity (HPO). A HPO is a mechanism to ensure that significant market opportunities which will be attractive to overseas investors are publicised widely to relevant markets overseas. The HPO is based on the growing strength of the North East's immersive tech sector, and the links with the advanced manufacturing sector in the region. The HPO, which was developed by INEE in partnership with the DIT, local authorities, the Digital Catapult, private sector companies and universities was launched in October. DIT are

working on a lead generation programme to be carried out overseas.

## **6.2 *DIT National Sector Team briefings***

In the past 12 months INEE briefed the national DIT teams responsible for Life Sciences, Energy & Infrastructure, and Digital as well as hosting a group of overseas DIT posts in the Offshore Energy sector. These briefings are one way in which INEE and other partners ensure the DIT national teams have an up to date understanding of North East capabilities and opportunities in key sectors.

## **6.3 *Northern Powerhouse Key Account Management Programme***

INEE continues to manage the DIT Key Account Management Contract. The contract in the North East is performing very well. Account Managers across the local authorities are identifying new projects on a monthly basis with a number of key successes already this year. DIT has just confirmed that it has budget to support a further year's activity. INEE is working on the detail of this programme.

## **7.0 Recommendation**

7.1 The Board is recommended to:

- Note the Inward Investment activity in the North East LEP area;
- Request that the Director of Invest North East England attends the next Board meeting to present a more detailed report.

**30<sup>th</sup> January 2020**

**ITEM 8: Indicative 2019/20 budget outturn and provisional estimate  
for the revenue budget for 2020/21**

**1. Introduction**

- 1.1 The purpose of this report is to provide an update to the Board on the revenue budget position for the current year (2019/20), and to provide an indicative Budget for next year (2020/21). This includes information about the budget for the Enterprise Zone account and Local Growth Fund and North-East Investment Fund (NEIF).
- 1.2 As in previous years it is intended to provide an outturn report for 2019/20 and an updated Budget for 2020/21 with latest information about funding and a three-year budget projection at the May Board.

**2. LEP 2019/20 Revenue Budget**

- 2.1 During 2019/2020 there has been an increase in additional external funding, including European Social Funds and other Government funds which has resulted in additional activity in the year, resulting mainly in increases in operational cost (including the costs of short-term secondments) and a small increase on the staffing budget. The increase mainly relates to skills, business advice and Brexit preparation activity.
- 2.2 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund; NEIF and Enterprise Zone programmes. Table 1 provides a summary of the Revised Revenue Budget for the year compared with the revenue indicative Revenue Budget reported in January 2019, and the updated Revenue Budget reported in May 2019, with supporting notes provided below.
- 2.3 The North East LEP board agreed a provisional revenue budget for 2019/20 of £4.155m in January 2019 and an updated revenue budget of £4.157m in May 2019. With a higher gross income estimate of £4.121m in May, the projected drawdown from the LEP reserve had reduced from £0.342m in January to £0.036m, leaving an estimated reserve of £0.549m at the end of the year, in May.
- 2.4 Total revenue expenditure in 2019/20 is now estimated to be £4.664m, which is £0.507m higher than estimated in the May. However, this increase is funded by estimated additional income, which has risen by £0.518m to £4.639m, mainly attributable to awards of additional grant income, in particular Brexit preparation funding and skills funding. The net effect was a reduction in a net cost for the year from £36k in May to £26k.

2.5 This follows the pattern in previous years, where a cautious view on income and a prudent provision for costs results in an estimated call on reserves at the start of the year, and additional income or lower costs in the year reduces the call on reserves at the year end. The estimated level of North East LEP reserve to be carried into 2020/21 is estimated to be £0.559m.

2.6 In terms of grant income, many of the specific grants are subject to claims for actual expenditure in the year. If eligible expenditure is lower in the year then the amount of grant receivable for the year will also reduce to reflect the actual level of eligible expenditure that has been incurred.

2.7 The main budget variations are summarised below.

#### **Employee Costs**

2.7.1 In relation to employee costs there is a small increase when compared with May 2019 budget update. There has been a saving as a result of holding vacant posts, with any new posts being matched by an increase in income; and a net saving in assumed employee pension costs, which have remained at nil due to the continuation of NECA as the accountable body for the North East LEP in 2019/20.

#### **Brexit Costs**

2.7.2 The variance of £0.254m is for both funding and costs for non budgeted programmes. These are not expected to continue into 2020/21.

#### **Other Costs**

2.7.3 Other operational cost budgets are reflected in the 2019/20 revised budget in relation to non-salary costs in relation to new grant income streams such as LGF High potential Growth of £0.078m and Energy Programme operational costs of £0.040m. This has also led to an increase in the requirement for Legal and Financial advice.

North East LEP 2019/20 Revenue Budget	Original Budget (January 19)	Budget Update (May 2019)	Revised Estimate	Variation from May
	£'000	£'000	£'000	£'000
Employees	2,404	2,509	2,516	7
Premises	190	190	193	3
Communications	247	247	247	0
Transport LGF Monitoring	100	100	72	(28)
Growth Hub Operational Costs	138	117	141	24
Invite (Horizon 2020) Operational Costs	66	66	56	(10)
LIS (Local Industrial Strategy)	0	24	68	44
Other Operational Costs	614	614	612	(2)
North East Ambition Operational Costs (ESF)	206	100	96	(4)
Brexit Intelligence activity and Business Support	0	0	204	204
Brexit Policy Work Programme (Strategy & Policy)	0	0	50	50
LGF High Potential growth Operational Costs	0	0	78	78
Energy Programme Operational Costs (Strategy & Policy)	0	0	40	40
Inward Investment Contribution	140	140	140	0
Other LGF inc studies, part of Programme Management	24	24	70	46
Other NEIF and EZ Costs - Legal / Finance Support	26	26	81	55
<b>GROSS EXPENDITURE</b>	<b>4,155</b>	<b>4,157</b>	<b>4,664</b>	<b>507</b>
<b>INCOME</b>				
LEP Core & Strategy Grant from DCLG	(500)	(500)	(500)	0
Local Authority Match Contributions	(250)	(250)	(250)	0
BEIS - LIS production and LEP review	0	(224)	(224)	(0)
<b>CORE FUNDING</b>	<b>(750)</b>	<b>(974)</b>	<b>(974)</b>	<b>(0)</b>
Local Growth Fund (programme mgmt costs)	(1,100)	(950)	(950)	0
Interest Generated on Funds to fund INEE	(50)	(140)	(167)	(27)
Growth Hub	(410)	(410)	(442)	(32)
Additional Brexit Funding	0	0	(204)	(204)
Enterprise Adviser grant - CEC	(173)	(190)	(250)	(60)
Energy Strategy BEIS / TVCA (Strat & Policy)	(57)	(79)	(99)	(20)
Invite (Horizon 20/20)	(102)	(102)	(84)	18
ERDF + Digital Catapult + AHSN	(63)	(103)	(75)	28
NEIF Contribution to cover activity costs	(66)	(66)	(106)	(40)
EZ Contribution to cover activity costs	(52)	(52)	(107)	(55)
Education Challenge was NECOP	(106)	(136)	(143)	(7)
European Social Fund	(579)	(464)	(417)	47
LGF match North East Ambition (ESF project)	(280)	(314)	(143)	171
EY Foundation (20/21 seed)	0	(75)	(75)	0
DfE	0	(40)	(75)	(35)
LA Contributions re ESIF Co-ordinator	(20)	(20)	(20)	0
LGF High Potential	0	0	(93)	(93)
Brexit Policy Work Programme (Strat & Policy)	0	0	(59)	(59)
Energy Programme Misc. Contrib (Stratgy & Pol)	0	0	(69)	(69)
Energy Programme LGF Rev Contrib. (Stratgy & Pol)	0	0	(14)	(14)
5G Pilot - LGF	0	0	(35)	(35)
Other Income (ERDF Energy Innovation)	(6)	(6)	(37)	(31)
<b>EXTERNAL FUNDING</b>	<b>(3,064)</b>	<b>(3,147)</b>	<b>(3,665)</b>	<b>(518)</b>
<b>GROSS INCOME</b>	<b>(3,814)</b>	<b>(4,121)</b>	<b>(4,639)</b>	<b>(518)</b>
<b>NET BUDGET</b>	<b>341</b>	<b>36</b>	<b>26</b>	<b>(10)</b>
<b>BROUGHT FORWARD BALANCE</b>	<b>(574)</b>	<b>(585)</b>	<b>(585)</b>	<b>0</b>
<b>Use or (Contribution) LEP Reserves</b>	<b>341</b>	<b>36</b>	<b>26</b>	<b>(10)</b>
<b>EZ Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CARRY FORWARD BALANCE</b>	<b>(233)</b>	<b>(549)</b>	<b>(559)</b>	<b>(10)</b>

### **3. Indicative LEP 2020/21 revenue budget**

- 3.1 The indicative revenue budget for 2020/21 reflects the latest known information of income for 2020/21 and an estimate of employee costs that reflects the transfer to a new accountable body to North of Tyne Combined Authority with effect from 1 April 2020, subject to the final confirmation by the LEP that the transfer in accountable body will occur at that time.
- 3.2 The estimates in this report are an indicative estimate, which will be refined in March and it is intended that a three-year medium term budget is again presented in May, when the outturn position for 2019/20 is clear and more information about grant income available for 2020/21 should be known.
- 3.3 A summary of the indicative budget is set out in the table below. The indicative figures show an 5.2% increase in Gross Expenditure to £4.909m and a reduction in income to £4.582m, with an assumption on no continuation of the BEIS grant received this year. The overall effect is an indicative net cost of £0.327m. This is less than the original net cost of £0.341m illustrated in the 2019/20 budget and less than the estimate of £0.400m for 2020/21 that was illustrated in May 2019.
- 3.4 In terms of employee costs there is a small increase of £0.108m (4.3%) when compared with the revised budget for 2019/20. The estimate includes a provision for inflation of 2%, the full year effect of posts appointed part way through 2019/20, scale uplifts and the TUPE transfer of staff to the North of Tyne Combined Authority as a new Accountable body from 1 April 2020. This assumes the continuation of a 0% employer's superannuation contribution that the North East LEP would have received had it remained with NECA and the impact of TUPE transfer of staff on a no detriment basis to pay scales operated by the NTCA.
- 3.5 The main changes in income reflect reduced short-term grant income from BEIS and Brexit Grant income; and a reduced contribution for LGF programme management as we near the end of the programme. The North East LEP is bidding for additional grants and any grants secured will be included in the budget as they are announced.
- 3.6 Other significant changes in the estimates are summarised overleaf:

North East LEP 2019/20 Revised Budget and 2020/21 Indicative Budget	2019-20 Revised Estimate	2020/21 Indicative Budget	Budget 2020/21 Variance to 2019-20 Outturn
	£'000	£'000	£'000
Employees	2,516	2,624	108
Premises	193	190	(3)
Communications	247	252	5
Transport LGF Monitoring	72	72	0
Growth Hub Operational Costs (inc.Brexit increase)	141	93	(48)
Invite (Horizon 2020) Operational Costs	56	23	(33)
LIS (Local Industrial Strategy)	68	0	(68)
Other Operational Costs	612	626	14
North East Ambition Operational Costs (ESF)	96	312	216
Brexit Intelligence Activity and Business Support	204	0	(204)
LGF High Potential Operational	50	319	269
Brexit Policy Work Programme (Strategy & Policy)	78	110	32
Energy Programme Operational Costs (Strategy & Policy)	40	23	(17)
Inward Investment Contribution	140	140	0
Other LGF inc studies	70	23	50
Other NEIF and EZ Costs - Legal / Finance Support (PW/PJ)	81	102	21
<b>GROSS EXPENDITURE</b>	<b>4,664</b>	<b>4,909</b>	<b>342</b>
LEP Core & Strategy Grant from DCLG	(500)	(500)	0
Local Authority Match Contributions	(250)	(250)	0
BEIS - LIS production and LEP review	(224)	0	224
<b>CORE FUNDING</b>	<b>(974)</b>	<b>(750)</b>	<b>224</b>
Local Growth Fund (programme mgmt costs)	(950)	(850)	100
Interest Generated on Funds to fund INEE	(167)	(80)	87
Growth Hub (including Brexit increase)	(442)	(410)	32
Additional Brexit Funding	(204)	0	204
Enterprise Adviser grant - CEC	(250)	(150)	100
Energy Strategy BEIS/TVCA (Strat& Policy)	(99)	(15)	84
Invite (Horizon 20/20)	(84)	(63)	21
ERDF + Digital Catapult + AHSN	(75)	(75)	0
NEIF Contribution to cover activity costs *	(106)	(125)	(19)
EZ Contribution to cover activity costs	(107)	(160)	(53)
Education Challenge EDGE	(143)	(97)	46
European Social Fund	(417)	(620)	(203)
LGF match North East Ambition (ESF project)	(143)	(472)	(329)
EY Foundation (20/21 seed)	(75)	(30)	45
DfE	(75)	(35)	40
LA Contributions re ESIF Co-ordinator	(20)	0	20
LGF High Potential	(93)	(336)	(243)
LGF Innovation Pipeline	0	(79)	(79)
Brexit Policy Work Programme (Strat & Policy)	(59)	(121)	(62)
Energy Strategy Misc. Contributions	(69)	(23)	46
Energy Programme LGF Rev Contrib. (Stratgy & Pol)	(14)	(70)	(56)
5G Pilot - LGF	(35)	0	35
Other Income (ERDF Energy Innovation)	(37)	(21)	16
<b>EXTERNAL FUNDING</b>	<b>(3,664)</b>	<b>(3,832)</b>	<b>(89)</b>
<b>GROSS INCOME</b>	<b>(4,638)</b>	<b>(4,582)</b>	<b>56</b>
<b>NET BUDGET</b>	<b>26</b>	<b>327</b>	<b>301</b>
<b>EZ Contribution</b>		<b>(309)</b>	<b>(309)</b>
<b>Use or (Contribution) LEP Reserves</b>		<b>(9)</b>	<b>(9)</b>
<b>BROUGHT FORWARD RESERVE BALANCE</b>	<b>(585)</b>	<b>(559)</b>	<b>26</b>
<b>CARRY FORWARD RESERVE BALANCE</b>	<b>(559)</b>	<b>(550)</b>	<b>9</b>



### **LGF Funding**

3.6.1 This remains a significant funding stream but is declining to completion in March 2021. Swap funding will be available beyond this to cover necessary continued monitoring and evaluation. The Government will need to announce its intention beyond 2021 for the continuation or not of this funding during 2020/21 to enable effective medium-term budget planning in 2021/22 and beyond.

### **BEIS Funding**

3.6.2 The cessation of this one-off funding creates a significant variance of £0.224m on the previous year. This was used to pay for various activities including Local Industrial Strategy work that is assumed to be completed by March 2020.

### **Brexit Funding**

3.6.3 This is one off funding included in the 2019/20 forecast but not available in 2020/21.

### **LGF High Potential**

3.6.4 The increased cost in operational costs (£0.269m) in comparison to 2019/21 due to delay in approval of grant funding.

### **LGF Innovation Pipeline**

3.6.5 This is a one-off project grant for 2020/21.

## **4. North East LEP Revenue Balances**

4.1 The estimate for 2019/20 and 2020/21 shows that the North East LEP revenue balance as at 1 April 2019 was £0.585m and this is shown as reducing slightly to £0.550m at 31 March 2021. It is important to maintain a reasonable balance to deal with future uncertainties.

4.2 The balancing figure of £0.309m in the indicative 2020/21 revenue budget is a call on the Enterprise Zone surplus from the previously agreed £500k per annum budget.

4.3 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income surplus of up to £500k 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 £2m of potential spend from the EZ account. The illustration shows that up to £245k is anticipated, which is less than the potential use of £400k for the year that was projected in the Medium-Term Plan budget report considered by the Board in May 2019. The intention is to reduce the call

on the EZ account by the year end though additional income and cost savings.

- 4.4 The balance on the Enterprise Zone account is estimated to be almost £3m as illustrated in section 5 below.

## **5. North East Enterprise Zones**

- 5.1 Round 1 Enterprise Zones 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, 2019/2020 is the seventh year of the Round 1 zones' life.

- 5.2 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 second year of the round 2 sites life. Ramparts (Northumberland) and Follingsby in Gateshead are estimated to generate Business Rates Growth Income during 2019/20, as the site required no capital investment to enable occupation to occur on part of the exiting established industrial estate.

- 5.3 The table below provides a summary of the Enterprise Zone account income and costs for 2019/20 and 2020/21. While income in 2019/20 expected to be slightly higher than the prudent estimate made in July 2019, it is still significantly lower than the original projections. Some further growth is estimated for 2020/21 on round 2 sites. Figures for 2020/21 include a contingency to cover vacant buildings or the effect of valuation rating appeals.

- 5.4 Discussions are continuing with councils about the impact of valuation appeals and adjustments for 2018/19 and 2019/20; a share of grant provided by the Government to cover the loss of income due to the under-indexation of annual inflation uplift which reduced from the rpi measure of inflation to CPI inflation; and the potential backdating of income received when the business rate bills for new buildings come through in future years.

Enterprise Zone Account	2018/19	2019/20		2020/21
	Actual	July Estimate	Latest Estimate	Estimate
	£000	£000	£000	£000
<b>Business Rate Income</b>				
<b>Round 1 Sites</b>				
Newcastle	501	457	508	465
Norh Tyneside	194	171	165	171
Northumberland	334	332	314	257
Sunderland	750	731	755	724
<b>Round 2 Sites</b>				
Northumberland	46	39	39	56
Sunderland - IAMP			-	828
Gateshead Follingsby		143	242	221
Business Rates income	1,825	1,873	2,023	2,722
Interest on Account Balance	25	25	18	18
<b>Total Income</b>	<b>1,850</b>	<b>1,898</b>	<b>2,041</b>	<b>2,740</b>
<b>Costs</b>				
NEIF Repayments	1,238	800	1,000	446
Other Financing Costs	235	1,044	747	1,939
Inward Investment Contribution	71	135	135	230
EZ Account Operation	100	122	107	100
<b>Total Costs</b>	<b>1,644</b>	<b>2,101</b>	<b>1,989</b>	<b>2,715</b>
<b>Annual Surplus</b>	<b>206</b>	<b>(203)</b>	<b>52</b>	<b>25</b>
<b>Cumulative Surplus</b>	<b>2,913</b>	<b>2,710</b>	<b>2,965</b>	<b>2,990</b>

- 5.5 The increase in income in 2020/21 is mainly due to the construction and completion of 3 buildings on the IAMP site.
- 5.6 The costs mainly relate to capital financing costs including the repayment of previous interest free loans from the LEP's North East Investment Fund (NEIF). The increase in 'other financing costs' in 2020/21 relates to the payment to councils of capital financing cost that they are estimated to incur to finance the approved capital investment on their sites.
- 5.7 There is a £0.230m contribution in 2020/21 towards the cost of the Invest North East England Team (INEE). The standard annual budget contribution is £0.170m, which has been less in recent years due to savings in the INEE budget at the year end. The contribution in 2020/21 also includes £0.060m met from interest on the Enterprise Zone account.
- 5.8 In the event that the LEP Revenue Budget does require a contribution from the EZ account surplus, this will reduce the current balance on the EZ account – estimated to be £2.990m by the end of 2020/21.
- 5.9 More information will be reported in March and a detailed report on the projected lifetime surplus on the account, which is still estimated to be over £200m will be presented to the May Investment Board and the full Board.

## **6. Recommendations**

6.1 The Board is requested to:

- i. Note the positive budget outturn position for 2019/20.
- ii. Agree the indicative budget for 2020/21, with an update on the 2020/21 Budget being reported to the Board in May along with a three-year estimate.
- iii. Note the estimated end of year position of the Enterprise Zone account.