

THIS IS NOT A PUBLIC MEETING

North East Local Enterprise Partnership Board



Thursday 25 January 2018

17.00 – 19.00

Venue: Northern Design Centre,
Abbott's Hill, Gateshead NE8 3DF

AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Minutes of the last Board Meeting held on Thursday 30 November 2017** (5.00pm)
The Board will be asked to agree the Minutes.
3. **Delivery Plan** – Paper attached (5.05pm)
Helen Golightly to present to the Board.
4. **2018/19 Budget** – Paper attached (5.15pm)
Helen Golightly and Paul Woods to present to the Board.
5. **Policy Update** – paper attached (5.25pm)
Richard Baker to present to the Board.
6. **LEP Governance and Transparency** – paper attached (5.35pm)
Helen Golightly to present to the Board.

Items 7 and 8 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.

7. **(a) Funding Update** – confidential paper attached (5.45pm)
(b) Enterprise Zone Update - confidential paper attached (5.55pm)
Paul Woods to present to the Board.
8. **Draft consultation response to the North of Tyne Devolution proposal** – confidential paper attached (6.00pm)
Helen Golightly to present to the Board
9. **Any Other Business**
10. **Date and Time of next meeting – Thursday 22nd March 2018 from 5 - 7pm**
at The Fire Service Headquarters, Nissan Way, Sunderland, Tyne and Wear, SR5 3QY

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FOR INFORMATION - The NECA Leadership Board and Committee Papers can be found at:

<https://www.northeastca.gov.uk/committee-meetings/north-east-leadership-board-background-information-papers>

North East Strategic Economic Plan Programme Delivery update

January 2018

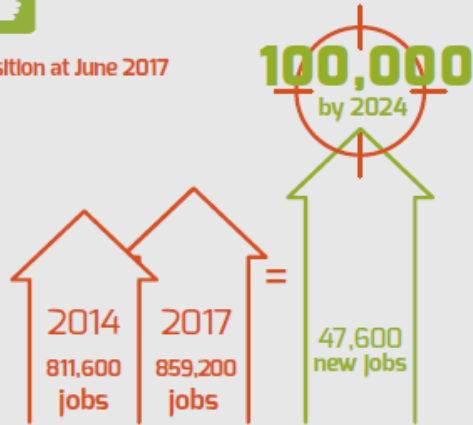


Performance against Strategic Economic Plan targets since 2014 (Last updated Oct 2017)

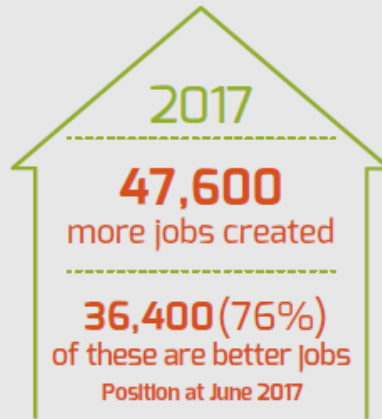
Target Increase the number of jobs in the North East economy by 100,000 by 2024



Position at June 2017



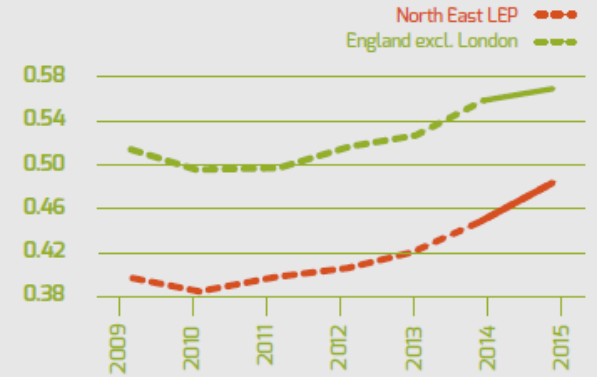
Target 70% of all jobs created from 2014 will be better jobs



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



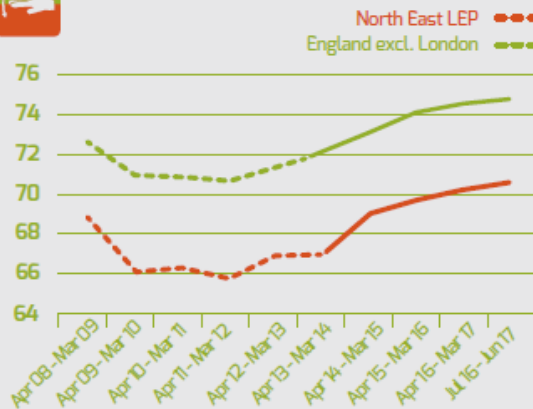
Position at 2015: 16.2% reduction



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



Position at June 2017: 21% reduction



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



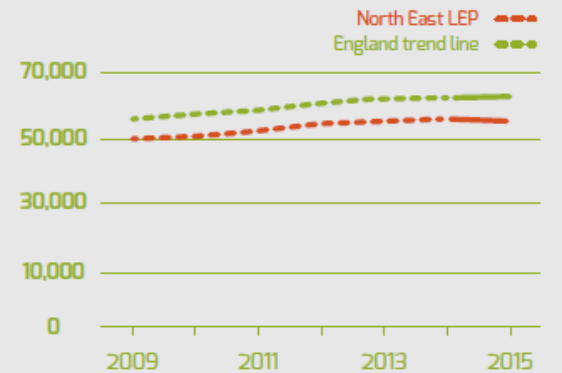
Position at June 2017: 21% reduction



Reduce the gap in GVA per full time equivalent
Target 50% reduction in gap by 2024



Position at 2015: 9% increase



Innovation Programme | Lead: Helen Golightly

Goals

Our vision is for the North East to take its place as an innovation hot spot in Europe – an exemplar in ‘smart specialisation’ and open innovation systems and practice. Our aim will be to encourage business growth and social development by creating an environment in which new products and processes can improve performance or solve challenges, embed new technologies and promote cross-sector learning and development for the economy.

SEP Action	Progress/ current position	High level risks	Lead	Status
Ecosystem development – provide business support, expertise, share knowledge and increase partnership learning				
Set up and deliver the Innovation Observatory project	Durham University was awarded the Innovation Observatory project and a MoU developed. Funding challenges have delayed the progress; however Durham has now appointed a Phd student to support the project which is being actively supported by the other universities. Work on developing the Innovation dashboard has continued and reported to the Innovation Programme Board. The university and LEP context has changed and a workshop to refresh the approach is proposed.	<p>Long-term funding is still to be confirmed although university lead is progressing.</p> <p>Information developed is not shared or not shared in a way which meets business need.</p>	Helen Golightly with Durham Uni	A
Set up a programme to support the development of a stronger innovation network environment in the region	The Super-Network programme is running providing a cross-network platform for NE Innovation . The project is ERDF funded and aims to bring together different networks. An application to extend this has been submitted and has been successful at first stage. A refreshed governance structure and focus is being agreed.	SuperNetwork is not adequately embedded in other activities.	Helen Golightly	A
Develop programme to support growth in number of incubators and innovation hubs	<p>The Incubator demand report which the LEP supported has reported highlighting areas of incubation demand. The LGF funded projects have been approved with the first Project Development call in place</p> <p>The North East LEP is part of a successful H2020 project bid which will aim to develop and then pilot a new EU wide innovation eco-system network. The NE will be one of 2 pilot regions from December 2018</p>			
Communicate the proof of concept funding landscape to business	Venturefest, Finance Camp and Challenges have been successfully delivered in 2017. Planning continues for future activities. North East Fund proposals include funds to support innovative and early stage businesses. LEP is undertaking discussions with fund managers for additional engagement.	<p>The funds fail to deliver against a shared understanding of innovation projects.</p> <p>Project pipeline is not strong enough to support the level of investment available.</p>	Helen Golightly	G
Established North East Innovation Leadership	The refresh to the LEP Innovation Board, establishing Programme Delivery Board and Strategic Steering Group has now been implemented with the first meeting of the Delivery Board on the 21 st September. New members for the Digital and Health and Lifescience Sectors are due to be in place shortly.	Innovation Leadership is not recognised or understood by partners- a particular risk of this is presented during the change over in Innovation Director post. Lack of understanding of North East strengths results in poor/ not strategic project development.	Helen Golightly	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Secure support for relevant national Science and Innovation Audits	The North East LEP has supporting the successful submission of Science and Innovation audits for the Bio-economy in the North and Subsea and Offshore. The Round 3 application has been revised in light of Government feedback and resubmitted to a short deadline. This was approved alongside the two other audits involving the North East – chemical processes and health innovation as in delivery with a steering group established.	Delivery of audits is incomplete or is not embedded in national policy.	Helen Golightly	G
Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network	The relationship with Innovate UK continued to be strong. The national cross-catapult initiative has not been successful but the local cross-catapult work continues and LEP relations with Innovate UK remain strong. A new regional contact will start in post in March although initial contact has been made	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Helen Golightly	G
Innovation Infrastructure – Projects and Programmes for Innovation				
Support the delivery of key innovation projects as set out in the SEP	LGF innovation projects are progressing and reported separately to the Board. A number of ERDF Innovation Projects have formally launched or moved to the next stage of the application process. The LGF funded mini-programmes for Project Development and Incubator Support have been approved and are being delivered with calls covering both funds soon to be in delivery. The Project Development Fund is currently live with the Incubator Support Fund first call due by the end of the month.	Projects are delivered without meeting the Innovation Programme strategic objectives.	Helen Golightly	G
Establish at least one test bed facility	The LEP has supported the 5G test bed development project using LGF. This has been used to establish a project team with the a lead and support officer appointed and in post.	Government does not back this.	Helen Golightly	G
Set out long term North East Innovation Infrastructure needs	This work is being scoped.		Helen Golightly	G
Smart Specialisation – Focus on four key sectors				
Produce four Smart Specialisation strategies	This work strand has been revised to fit with the wider approach across the LEP team. Four strategies are being developed in line with the industrial strategy. Specific approaches covering automotive manufacture, health and lifescience, subsea/offshore energy and digital are being progressed through the relevant groups.	All strategies are not completed or do not bring together the right sector lead partners.	Helen Golightly	A
Establish the Data for Growth project	The Data for Growth report was agreed at the December Innovation Board meeting. Delivery is embedded in the 2017/18 work programme this is being taken forward within the Science and Innovation Audit activity to ensure alignment.	Lack of clear lead partnership to deliver against Data for Growth delays progress.	Helen Golightly	G
Establish a challenge approach for the Health Quest North East project	The Health Quest North East Project has been developed as a proposal due to the lack of funding available it has been agreed to approach the aspiration through alternative approaches. It has been included within a wider ERDF application and alternative approaches which would achieve a similar aim have been developed to overcome the lack of funding available for the established model.	Funding for project is not secured.	Helen Golightly	R

Business Growth Programme | Lead: Colin Bell

Goals

By 2024, our business growth programme will have made a significant impact on our employment and business density targets. We will do this by:

- Increasing the number of scaleup businesses in the North East LEP area by 50%, creating an 6,000 additional jobs
- Securing growth in inward investment averaging 4,000 new jobs each year

SEP Action	Progress/ current position	High level risks	Lead	Status
Scaleup North East: More high growth businesses will help us to secure economic resilience and increase private sector employment				
Scaleup North East Programme: Supporting more businesses to achieve and sustain high growth				
Scaleup North East Programme	<ul style="list-style-type: none"> • The project has moved from a mobilisation to the delivery phase. • A Programme Director and the first Scaleup Partners have been recruited. The director is already involved in mobilisation and formerly takes up the post on 5th February. The first partner is in post. The recruitment consultants will continue to recruit Scaleup Partners • Over 40 expressions of interest have been received and 10 companies have already been accepted on to the programme. • The programme will be launched at Growth Hub Live on 26th January 2018. • We continue to represent LEPs and Growth Hubs nationally on the Scaleup Taskforce chaired by Margot James MP. 	<p>Potential that slow recruitment of businesses on to the programme, impacts the achievement of KPI's 2 & 3.</p> <p>Failure to identify further Scaleup Partners of the required calibre could impact the delivery of the services value proposition.</p> <p>Risk that the need to deliver ERDF outputs compromises delivery quality and ability to deliver real and measurable impact (KPI 5/6/7).</p>	Colin Bell	G
Inspiring leaders: Encouraging and facilitating peer mentoring and introduction				
Growth through Mentoring	<ul style="list-style-type: none"> • Growth through Mentoring has made 27 matches in year and two re-matches. • The quality of mentors and mentees is extremely high with excellent feedback from participants. We are behind the curve on reaching our target of 50 matched during 17/18. • Our pool of mentors has grown to 29 with a further 6 mentors in the pipeline. • The second Mentors' Workshop took place on 6th December, facilitated by Northumbria University. Session feedback was really positive. • The Northumbria University research project is well under way. 	<p>Attracting high quality mentors and mentees and maintaining high quality pipeline.</p> <p>Desire to achieve target of 50 matches overrides and impacts delivery quality.</p>	Colin Bell	A
Captured Programme	<ul style="list-style-type: none"> • During 2017, the programme ran five cohorts with 28 micro and small businesses participating alongside 27 managers from 15 large firms. In order to meet LEP targets for the programme, two additional cohorts will run in early 2018. • Captured 2018 was launched on 27th November. Cohorts start in February, running through to June. Captured 2018 takes will reference the findings of the evaluation report. 	<p>Failure to bring enough companies onto the programme, both micro/small businesses and managers from large businesses.</p>	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Manufacturing Growth Programme	<ul style="list-style-type: none"> An independent evaluation of the MGP has been carried out by New Skills Consulting and provides a very robust analysis of impacts and delivery process. The findings and learning have been shared with the Scaleup North East project team for incorporation in to Scaleup North East programme delivery and will be presented to the business growth board. The evaluation's in-depth assessment of outputs and impacts indicates: <ul style="list-style-type: none"> - Thirty six companies benefitted from the programme (complete by end December) - Most but not all of the 36 companies achieved growth in employment and/or GVA - 4.2 new jobs are forecast to be created per business (total 150 new FTEs, up to 2,108 from 1,958), more than originally anticipated - Creation of better jobs is lower than anticipated - Annual turnover will increase to £259.1m, an increase of £25.7m, an average increase of £1.03m per business - GVA will increase by £9.95m, an average of £276k per business The evaluation suggests that the original intended targets may have been set too high given the short timescale for the project and limited operational budget. The planned 15m post-completion impact assessments will commence in the spring. 	<p>Failure to achieve intended outputs and impacts.</p> <p>Evaluation findings and leanings are not sufficiently incorporated in Scaleup North East programme.</p>	Colin Bell	A
'Be the Business' Productivity Pilot - Growth Hub: High Performance	<ul style="list-style-type: none"> This pilot project has been established joint with the Productivity Leadership Group (PLG) to deliver a pilot project that we have designed to tackle the UK's productivity challenge. This high profile project will work with www.bethebusiness.com. The maximum capacity of 15 companies have joined the programme which kicked off with the first workshop in December with Tharsus engineering. This was well received. Be the Business visited the NELEP 12th December which included a visit to Tharsus and are considering the roll out of the programme Nationally. See www.northeastgrowthhub.co.uk/business-support/rtc-north/growth-hub-high-performance. 	<p>Programme defaults to preparing generic content (e.g. around leadership) rather than bespoke content that effectively addresses the specific drivers of productivity improvement identified by the PLG.</p>	Colin Bell	G
Access to finance: Ensure access to the finance required to grow and scale by developing new and existing partnerships that provide objective and impartial access and attracting investment funds from outside of the region				
The North East Fund	<ul style="list-style-type: none"> It was announced in December that the North East Fund would go live in January 2018, managed by North East Finance Limited. We expect all funding documentation to be in place with selected fund managers in readiness to commence delivery towards the end of March 2018. In parallel we are engaged with the British Business Bank to discuss how their new £2.5bn investment vehicle, angels and account management structure can be introduced in the North East LEP area. 	<p>Brexit and General Election could impact on delivery timescale of North East Fund.</p>	Colin Bell	A
Rural Growth Network (LGF)	<ul style="list-style-type: none"> Currently in year 3 of the four year programme with a total of 28 projects approved or committed (8 projects in current FY). Y3 target spend is £2.4m and job creation target is 130 jobs. Performance for Q2 shows that 47% of target commitment has been achieved with £420,524 committed YTD. Most of the projects on site are progressing well and outputs will be recorded when completed. A new Interim Chair has been appointed (January 2018). The RGN Executive continues to carry out its delegated role (from ESIF Sub Committee) to verify the strategic fit of RDPE growth programme applications. This is working well, with all application responses submitted to the RPA within the required timeframe. 	<p>Projects fail to come forward with full applications or applicants withdraw and weak pipeline.</p> <p>Too many applications submitted for the funding available.</p>	Colin Bell	A

SEP Action	Progress/ current position	High level risks	Lead	Status
RDPE Growth Programme (EAFRD)	<ul style="list-style-type: none"> Following the confirmed allocation of £10.4m and extension of the expression of interest deadline to 31st May 2018, two further workshops for businesses were held in December to attract and advise applicants on Growth Programme and other rural funds. A further tourism-specific workshop is planned. In response to promotional activity, the North East LEP area has received the largest number of EOIs of any Northern LEP. Of the total call value of £10.4m, current pipeline spend stands at £5.066m i.e. 48% of total allocation. There is a continuing need to bring projects forward and to over-commit due to potential attrition. As at 15 January, 65 Eols have been received of which 47 have been endorsed for full application. 19 full applications have been received and 6 projects have been contracted (2 business development and 4 tourism). The majority of project Eols, 35 of the total 65, are for business development grants. We continue to make a number of strategic connections, for example with DIT, NFU and CLA to generate interest and applications, and to input and advise the national LEP Defra roundtable on delivery and PR issues. 	Projects fail to come forward with full applications or too many applications submitted for the funding available.	Colin Bell	G
Access to finance: Develop the finance offer and ensure objective access	<p>Review the current finance landscape</p> <ul style="list-style-type: none"> This was deferred (Business Growth Board 12 Sept) until clarity received regarding the North East Fund. Actions will be considered at the February business growth board. Once instigated, the review will need to keep tightly on track in order to maximise its ability to inform the Scaleup North East programme. 	Capacity to inform the development and mobilisation of the Scaleup North East Programme is compromised due to the delay to this activity.	Colin Bell	A
	<p>Patient capital review</p> <ul style="list-style-type: none"> No further action required. 	No risks identified.	Colin Bell	G
Encourage the adoption of digital technology: Work with partners to encourage digital adoption as part of the Scaleup North East Programme				
Digital adoption - As part of the Scaleup North East Programme	<ul style="list-style-type: none"> Integrated in to the Scaleup North East Programme reported above. The Productivity Leadership Group's 'Be the Business' project is now established. See above. 	Risks incorporated in to projects above.	Colin Bell	G
Support business growth focused on areas of opportunity				
Work with sector groups	<ul style="list-style-type: none"> Scaleup Partners are being recruited by RTC to provide coverage across areas of smart specialisation. First partners in post as at 8th January. We are working in partnership with regional cluster organisations on an ERDF bid to develop a Supply Chain programme aimed at driving productivity growth and diversification into new markets (partly to mitigate/spread risk associated with Brexit). Advanced manufacturing strategy is in progress. Phase one will focus on the development of an Automotive Strategy with a specific focus on opportunities for process innovation and on vehicle technology. The findings will help to identify key projects, areas of focus and support associated funding bids (e.g. Industrial Challenge Fund). 	The extent to which recommendations are put forward and incorporated in to the Scaleup North East programme depends on the success of these sector groups.	Colin Bell	G
North East Growth Hub – A single access point for business information, advice and financial support				
Continuous development of an effective platform	<ul style="list-style-type: none"> The Growth Hub continues to exceed targets and Growth Hub performance is strong whilst we continue to improve the scaleup customer journey and enhanced use of content and lead generation technology to further improve performance. Referrals through to provider / scheme websites stood at 628 referrals in December, a total of 6,433 scheme referrals April to December against a year target of 1,200. On the whole, referral numbers have increased month on month. The Scaleup Programme page has received a lot of traffic with 278 page views in December and 26 expressions of interest submitted. 	Growth Hub doesn't effectively generate leads. Apathetic providers are unaware of the level of leads the growth hub is providing them with. Uncertainty regarding the long-term funding position.	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status																				
Growth Hub Content	<ul style="list-style-type: none"> New branding and content strategy are both in place in order to return dynamic and 'talkative' content to users on a defined range of scale up related topics.. Retained a lean user journey, focusing user attention on areas that we know receive most use, notably specific schemes and the events listing. New content visible before month end. New content areas to go live in Q4. 	Resources not available to implement full content strategy	Colin Bell	G																				
Growth Hub Live	<ul style="list-style-type: none"> Events focus on the key themes identified in the Scaleup Institute's key recommendations and are supported with content on the Growth Hub. The second event took place at the Sage Gateshead on 7 December on 'Leadership'. The event was held with Chas Howes ex FD of Superdry. 52 businesses attended. 100% of the business found the event satisfactory or above. 	Failure to attract businesses with Scaleup potential or to recruit adequate number of businesses. Does not deliver desired experience.	Colin Bell	G																				
Growth Hub Business Support Providers' Network	<ul style="list-style-type: none"> The last network meeting took place on 28th November. We are working actively with the network to build engagement and encourage contributions to content. Providers are being engaged to contribute to the Business Growth Board's business support ecosystem review (Brexit) Task and Finish Group, mapping exposure to EU and contribution to Industrial Strategy. The group will develop recommendations on what the future funding and business support ecosystem should look like. With regards ERDF, the current financial position (as at November) is as follows: <table border="1"> <thead> <tr> <th></th> <th>Northumberland/T&W</th> <th>Durham</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Allocations</td> <td>£66.8m</td> <td>£34.5m</td> <td>£101.3m</td> </tr> <tr> <td>Legally committed</td> <td>£55.7</td> <td>£18.8</td> <td>£74.6</td> </tr> <tr> <td>£ remaining</td> <td>£1.2m</td> <td>£10m</td> <td>£11.2m</td> </tr> <tr> <td>% remaining</td> <td>2%</td> <td>29%</td> <td>11.2%</td> </tr> </tbody> </table> 22 projects are either allocated or legally committed under ERDF Priority Axis 3. Total target to create 6,273 jobs (of which 2,338 FTE jobs or 37% of jobs outputs are attributable to the North East Fund). A PA3 call is expected in March 2018 for international trade support and a further PA3 open call is also expected later in the spring, the priorities for which will be articulated to DCLG by the business growth team in collaboration with partners. 		Northumberland/T&W	Durham	Total	Allocations	£66.8m	£34.5m	£101.3m	Legally committed	£55.7	£18.8	£74.6	£ remaining	£1.2m	£10m	£11.2m	% remaining	2%	29%	11.2%	<p>Lack of engagement of providers impacts on content and referrals. Post-Brexit, the demise of EU funding will impact on business support provider services.</p> <p>The new proposed Shared Prosperity Fund fails to address business support issues.</p> <p>The new proposed Shared Prosperity Fund fails to address local and regional business growth challenges.</p>	Colin Bell	A
	Northumberland/T&W	Durham	Total																					
Allocations	£66.8m	£34.5m	£101.3m																					
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Building our trade flows: Increase export activity																								
Building trade flows	<p>Work with partners to enhance the business growth offer for exporters</p> <ul style="list-style-type: none"> The Federation of Asian Business trade mission to Karnataka went ahead in late November to test how our area can drive trade through the development of civic and commercial relationships. A return visit from India will coincide with the Great Exhibition of the North. 	Failure to engage North East LEP businesses.	Colin Bell	G																				
	<p>Stimulate greater awareness and demand for export</p> <ul style="list-style-type: none"> The Growth Hub will feature enhanced content. The ERDF-funded export support programme managed delivered by North East World Wide continues to perform well. We continue to work closely with the DIT local delivery team and to drive referrals to export services. 	DIT activity is constrained by budget restrictions. This may impact on the content coming forward to the LEP. Lack of respondents to ERDF call.	Colin Bell	G																				
Early response and managing change – Ensure a rapid response to economic shocks and other impacts																								
Develop a collaborative approach to responding to negative economic and other impacts	<ul style="list-style-type: none"> New content on business resilience will go live on the growth hub by end January. The LEP continues to monitor current planned closures (Coty, Northumberland). A procedure is in place internally and with the Cities and Local Growth Unit support to ensure rapid response to Government-led initiatives and funding in response to flooding or other major shocks. 	New ERDF projects fail to address potential impacts to supporting business post-Brexit. Poor coordination between partners.	Colin Bell	G																				

SEP Action	Progress/ current position	High level risks	Lead	Status
Strengthening flows of inward investment – driving growth and employment				
Build the strength, profile and coherence of the North East's inward investment offer	<ul style="list-style-type: none"> In 2016/17 financial year 84 new inward investments were secured in the area leading to the creation of 6,124 new jobs over the next three years, along with many thousands safeguarded. Figures for the first six months of 2017/18 show 49 successful projects leading to 1,208 jobs. Compared to the same period last year, projects are up (49 vs 38) but jobs down (1,053 vs 3,993). The exceptional jobs figures last year reflects the fact that six large business services investments landed in this period, between them employing more than 3,000. A new set of marketing collateral is being developed to promote the North East as an investment location to companies in the five key target sectors and a number of significant sub sectors. Events attended/sponsored in Oct and Nov to engage with potential inward investors: MIPIM UK; VRTGO; TIGA Awards; Offshore Wind North East. INEE was accompanied to all these events by local companies as well as the associated wrap around activities organised by INEE. An INEE events programme for 2018/19 is currently being worked up with partners. NECA is responsible for facilitating an increased programme of account management of foreign direct investors located in the North East, delivered by LA partners and funded through the DIT. Interim results on this programme look encouraging. It is anticipated that a similar level of funding (£145k in 2017/18) will be secured next financial year. 	There are two main risks associated with all elements of the inward investment programme: 1. Impact of Brexit on ability to attract new FDI 2. We no longer have access to financial incentives whereas key competitors do (Sheffield £27m pot for inward investors + same for indigenous. Leeds £13m, Tees Valley £10m, Liverpool £30m).	Guy Currey	G
Develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains	<ul style="list-style-type: none"> Proactive lead generation work began in March 2017. This work is focusing on generating new investment leads primarily from companies based in London and SE England (but with an additional focus on opportunities in Ireland) in the digital sector as well as financial, professional and business services sector. The first six months of the contract has produced some very interesting project leads. These have led to a number of visits to the North East with projects which could lead to over 1,000 jobs (in manufacturing and professional). As a result, the contract has been extended for a further six months to build on this early promise.. 	As above	Guy Currey	G

Skills Programme | Lead: Michelle Rainbow

Goals

Our vision for 2024:

- Providers and education establishments provide a mix of world class academic, technical and professional education, apprenticeships and higher level apprenticeships in all of the growing areas of our economy, ensuring that those entering the labour market have the right skills to thrive
- That skills supply underpins business growth and talent is retained in the region
- Every young person can identify routes into work, supported through experience and exposure to the world of work and inspiration. We want them to understand that life and work experiences, alongside career and formal qualifications, are incredibly valuable
- A reduction in inactivity levels in our 50+ workforce, as skills investment enables older workers to remain in work.

SEP Action	Progress/ current position	High level risks	Lead	Status
North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.				
<p>Support secondary schools and colleges who wish to adopt the benchmarks</p>	<p>The regional scale up of North East Ambition continues; 129 secondary schools are engaged and all 9 colleges have adopted and are working towards the benchmarks. Working groups continue for SEND, Destinations and LMI. Regional Career Leader Network meetings have been introduced, supported by all 7 Local Authorities and National Careers Service. A 'Careers Directory' of provision has been created and is freely available on the LEP website alongside an electronic audit document and resources to support LMI. Further resources are available on a microsite we have developed with the Gatsby Foundation www.goodcareerguidance.org.</p> <p>Nationally our work is widely acknowledged as transformational and the North East LEP's work has heavily influenced new DfE national careers strategy (Dec 2017) and the new statutory guidance (Jan 2018). All schools and colleges across the country are now expected to use the career benchmarks. We have shared learning at key national and regional conferences including World Skills UK Skills Show, UCAS Conference and the National Careers Education Summit.</p> <p>The Social Mobility Commission 'State of the Nation Report 2017' recognised the impact of North East Ambition "<i>the North East Local Enterprise Partnership has transformed careers support at local schools/colleges from the worst provision in the country to some of the best... Today, it is leading the way on good-quality careers advice – a consequence of collaborative efforts to improve performance</i>". The report recommends that "<i>Local Enterprise Partnerships should follow the approach of the North East Local Enterprise Partnership</i>".</p> <p>Good Career guidance is central to Technical Education reforms. Our 9 colleges continue to meet as part of our working group to shape policy and practice. This group continues to work with Gatsby and the DfE regarding benchmarks in colleges.</p> <p>Following the international visit from the Fundacion Bertelsmann (Spain) we are continuing to work with a number of national and international partners who are interested to see how a region has been able to significantly impact national policy and achieve position change.</p>	<p>The Careers and Enterprise Company have been given the remit to 'roll-out' the careers strategy nationally. We will seek to work closely and influence developments.</p>	<p>Michelle Rainbow</p>	<p>G</p>

SEP Action	Progress/ current position	High level risks	Lead	Status
Ensure all secondary schools have access to Enterprise Advisers	<p>Over 120 Enterprise Advisers now recruited at Tier 1 and Tier 2. Recruitment campaign continues to target under-represented sectors but very good take up recently from digital and professional services sectors. 82 schools and colleges now matched and a focus is on supporting those schools achieve the benchmarks above.</p> <p>The strategy we adopted to ensure carefully matching has been successful, not only are we leading the way nationally now in terms of successful matches made between Enterprise Advisors and schools / colleges, but these are sustained matches.</p> <p>A 3rd Enterprise Coordinator will be appointed in April 2018, this will further enhance the team's ability to grow the network of Enterprise Advisors and Schools and Colleges.</p>	Changes in government and policy may mean a change to the funded element of the programme	Michelle Rainbow	G
Develop and deliver the Pupil Mentoring programme	<p>Mentoring is particularly effective where students need extra support and evidence demonstrates that where mentors have been able to work with young people GCSE results improve, NEET figures improve and student behaviour and attendance improves. For schools to achieve a benchmark each and every student has to be engaged. Mentoring programmes are available to support schools with this. RTC North and Young Enterprise are co-ordinating their delivery activities across the region with input from local authorities, EAs and other support organisations. Delivery is going well and feedback from schools is good.</p> <p>The ChangeNow programme working specifically with SEND students is now underway partnering with Leonard Cheshire Disability organisation to ensure that 'each and every' student has the opportunity for meaningful encounters of employment and work experience.</p> <p>Take up from both businesses and schools has been good, exceeding expectations and quarterly targets. The LEP is working with Leonard Cheshire to try to expand the pilot by sourcing match and / or additional funding and has offered a placement opportunity to a student.</p>	The foundations are now in place for a further roll-out in Autumn 2017. Schools signed up and full delivery will take place from the start of the Autumn term.	Michelle Rainbow	G
Develop and roll out a pilot Primary Schools Benchmark programme	<p>Some funding has been sourced.</p> <p>Careers provision in primary education was part of the Careers Strategy. As a result we have had positive discussions with a number of organisations who are supportive of a North East primary pilot.</p> <p>Additionally there are on-going discussions with Department for Education / Career & Enterprise Company and others who would be interested in the learning from such a pilot.</p>	A lack of funding may mean the benchmarks do not commence in September 2017	Michelle Rainbow	A

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Excelling in technical and professional education - Working with providers, education establishments and businesses to develop the capacity and facilities to provide world-class academic, technical and professional education.</p>				
<p>Promote higher skills</p>	<p>Sector strategies being developed with key sector groups, including smart specialisation and enabling sectors. Working in partnership with sector groups including health and life sciences, digital, advanced manufacturing and construction to date. This work is on-going and first stage publications will be launched in Spring 2018.</p> <p>Technical Qualifications (T-Levels). The proposed implementation of the recommendations from the Sainsbury Review is hoped to bring a step change to the provision and quality of technical education. The plan is that 15 new T-level course will replace the 13,000 qualifications currently offered. The design of the routes will be closely aligned with apprenticeships so students can progress on to higher or degree apprenticeships. The government have published an consultation document which we are reviewing along with partners across the business networks. The AoC have facilitated engagement events which have been well attended.</p> <p>Gatsby Foundation will be working with the LEP regarding a routes-ready pilot We are proposing, in collaboration with Gatsby, to commission a deep dive review into the technical education sector, defined as levels 3-5 that provides education and training for technician occupations” in the North East LEP region; specifically focussing on the capacity of the sector to deliver relevant vocational and technical skills for the future employment base in the area. The scope of this is being developed in line with the publication of further information available from DfE. Additionally two colleges in the North East are part of a pilot programme with DfE trialling T-levels (Sunderland College) and the Principal of Gateshead College is part of a national group working with the FE Commissioner.</p> <p>The North East LEP region has growing demand for technician skills; both in terms of replacement and newly created jobs, and occupations in this sector also aligns with some of the areas of opportunities that have identified as priority growth areas for the region. While there is some excellent quality provision of technical education in the region, there is work to be done to ensure that:</p> <ul style="list-style-type: none"> (i) appropriate technical education pathways are available reflecting the evolving labour market for technician level skills, and: (ii) The review will provide intelligence to help the sector make investment decisions regarding infrastructure to deliver this provision (i.e. facilities and teaching staff). <p>The LEP, Skills Director was invited to join a fully funded study visit to Finland in November, run by the Erasmus+ project. It was an opportunity to see first- hand the Finnish VET (Vocational Education Training) System and to understand how some of the potential challenges to the T-level introduction may be overcome. The Finnish education system is widely regarded as the best in the world and there are synergies to the proposed model of reform to the technical education and T-levels.</p> <p>A report on the visit is being produced and the LEP is considering further engagement with the Erasmus programme for regional learning visits.</p>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Promote higher skills (continued)	Institute of Technology. In December 2017 and following further guidance and clarification the first stage bidding process opened for IoTs. The deadline for bids is March 2018. The intention is to create high-quality institutions specialising in the higher level technical skills that employers need. The aim is to engage employers, further education (FE) providers and higher education (HE) providers to collaborate in developing institutes of technology (IoT), to create a new and distinctive learning offer. Applicants will be able to bid for funding from a £170 million capital fund to establish IoTs across England.			
Encourage more and higher level apprenticeships with a key sector focus	<p>Apprenticeship Growth Partnership meetings continue and the focus of the AGP is :-</p> <ul style="list-style-type: none"> ●To assess the impact of changes to the delivery of apprenticeships on employers ●To promote Higher and Degree level apprenticeships with employers ●To promote the benefits of apprenticeships to employers <p>The LEP is supporting the national campaign to raise awareness and promote apprenticeships to employers, young people, schools and parents. A priority for the LEP is to monitor the KPIs regarding uptake of apprenticeships, particularly in key sectors against national performance. There has been a delay in receiving the latest apprenticeship start data in December and will not now be released until March 2018; however, national figures demonstrate a decrease in the number of apprenticeship starts compared to last year's.</p> <p>From January 2018 we are running a 6 week campaign which will drive traffic to a new dedicated apprenticeship landing page on the Growth Hub showcasing relevant case studies, guides, support and advice on a broad range of apprenticeships provider schemes on the Growth Hub. The North East Growth Hub provides a one stop shop for business support and access to finance for small to medium size businesses in the North East. With over 5000 unique visitors every month (predominantly SMEs), which generate over 850 referrals to business support and access to finance providers, the North East Growth Hub offers a great platform to amplify the importance of apprenticeships across the region and encourage SME's to take on an apprentice.</p> <p>There is now LEP representation on the North East Apprenticeship Ambassador Network, they have an aligned action plan to that of the SEP.</p>	Apprenticeship reforms may create some uncertainty and therefore apprenticeship numbers may slow. However public sector targets and levy spend may mitigate this decrease in overall numbers.	Michelle Rainbow	G
Develop an approach to spousal support	This is part of an overall strategy for inward investment and development is on-going and initial discussions with NGI have been positive.		Michelle Rainbow	G
Higher Education - Working in partnership with our four universities, colleges and employers to support economic growth and to ensure we have job ready graduates with the skills needed and high quality opportunities for them.				
Support universities spin-outs and start ups	The North East universities have developed two ERDF funding projects to drive increased spin-out activity. The Northern Accelerator project has now launched with Durham and Newcastle universities aiming to create 15 dynamic, high tech spin-out companies in the next three years. The Arrow project is being led by Newcastle University and has applied for ERDF funding to translate research into commercial focused projects through the Innovation Catalyst alongside the Accelerator project.		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Support universities to retain graduate talent in the North East</p>	<p>We are working with sector organisations to articulate demand for graduate level skills and with universities to consider future provision and opportunities.</p> <p>The ‘Live, Work and Stay’ campaign was launched on 20 November 2017 which aims to help universities recognise and position the North East as a place with a wide range of career opportunities beyond graduation. Targeting students, graduates, universities and the North East business community, the campaign is based on case study content from graduates who have remained in the region and uses organic and paid-for social media, e-communications, advertorial and close liaison with the region’s universities to drive traffic to the written and film-based case studies on the campaign page, which demonstrate graduate careers in a range of sectors: https://www.nelep.co.uk/live-work-and-stay/</p> <p>Since its launch, the campaign page is the third most visited page on the North East LEP website. The #LiveWorkandStay hashtag has reached more than 46,345 accounts on Twitter and been seen 79,995 times. The campaign films have been viewed 12,516 times and on LinkedIn the campaign has been seen 6,671 times. The campaign has resulted in positive engagement on social media, with people sharing their own stories of living and working in the North East as a graduate. Three North East companies have already shown interest in being a part of the next phase of the campaign and it is also planned to make use of the content which has been generated by people on social media, who have shared their own reasons for staying in the North East. The plan is to embed these on the campaign web page, adding credibility and endorsements, and share them as graphics across a range of social media channels, increasing their reach.</p> <p>Discussions are also underway with Universities UK regarding the career benchmarks and university career guidance. Proposal for a pilot / joint working has been submitted and we continue to work with Universities UK to refine an approach. A meeting is scheduled soon the universities collectively regarding a potential cohort for the pilot.</p>		Michelle Rainbow	G
<p>Support universities to develop knowledge transfer partnerships</p>	<p>Working with the Business Growth and Innovation Programmes to understand how the universities and their R & D can support economic growth and benefit businesses and wider communities in the North East.</p>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Education Challenge - To reduce the gap between our best and lowest performing schools and to target that all schools in the North East achieve 'good' or 'outstanding' OFSTED rating.				
Develop and deliver an Education Challenge programme	<p>Governance We continue with our communications campaign to raise the profile and showcase case studies of good practice in school governance through the Academy Ambassadors programme which aims to recruit business leaders to join the boards of Academies. Establishing a strong board of directors for every academy trust is central to ensuring the North East has strong trusts able to deliver good quality education for our young people. Inspiring Governance has been invited to the LEP's Scale Up intermediary event on Friday 19th January which will focus on securing more businesses to get involved in school governance.</p> <p>The LEP continues to engage DfE with regard to the announcement of the 75million Teaching and Leadership Innovation Fund, part of which includes National Professional Qualifications for school leaders.</p> <p>Teacher retention continues to be a key focus. As part of our graduate retention campaign we have produced and continue to promote teacher specific case studies via the Schools North East's Recruitment Portal</p> <p>Placement opportunities for teachers and lecturers - Over 2016/17 a number of pilot placements for teachers (STEM) were sourced in businesses throughout the region. Learning / best practice from this pilot is being shared and further funding is being considered. An ESF application has also been put forward to develop and grow such placements over the coming years. The LEP expect to hear later in January whether this project has been successful at the outline stage and can progress to a full application. the 'go live' date is expected to be summer 2018.</p> <p>Next Generation Learning UK A Steering group has now been established, facilitated by the North East LEP, which will strategically lead this pilot. The steering group consists of representation from North East LEP, Edge Foundation, Ford Next Generation Learning, Business Organisations, Qualification Providers and Universities.</p> <p>A follow up visit from US colleagues to the North East took place in November 2017, with a phase 1 report completed in January 2018. Funding secured to facilitate key positions within the pilot – including a regional lead for teacher CPD and employer engagement in the curriculum, as well as industry alignment managers in each of the three pilot schools. Appointments will be made in January 2018. Following the US visit, the pilot is has now moved from 'explore' phase to 'development' phase and we continue to work with CBI, Edge and Ford NGL. . DfE, City & Guilds and OFSTED are supportive of the approach and Ministers and local MPs have been briefed.</p> <p>Best practice visits have taken place to School 21 in London and Sir Frank Whittle Academy in Leicester. A further visit to Nashville will take place in March as part of the induction of new staff and the development of partnership approaches.</p>	<p>Once the proposition is fully developed we will further engage with potential funders and start the recruitment of prospective school governors.</p> <p>Through the LEP Network we are part of a national working party with DfE</p> <p>We are looking to expand the opportunities to a wider cohort and are currently considering funding methods to do this.</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
50+ Workforce – retrain, regain, retain: To reduce inactivity levels in our older population by helping to develop their skills and make in-work transitions as the labour market changes.				
Develop a Fuller Working Lives (FWL) strategy	<p>We have considered the FWL report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East and have commenced the development of a local Industrial Strategy for the North East LEP area which will incorporate the Fuller Working Lives Strategy.</p>		Michelle Rainbow	G
Understand and provide focus on work force skills for the older workforce to maintain their position within the labour market as skills' needs change.	<p>We wish to understand better the barriers, opportunities, unconscious bias and other factors with employers. We conducted a survey of our network early in the summer to canvas the opinions of a wider employer audience and used the findings of that survey to inform the discussion and debate during a September event. CIPD, Sage and Newcastle University hosted the event on behalf of the LEP</p> <p>Good Progress is being made , the above event was titled 'Unlocking the value of your Older Workforce' – in partnership with CIPD NE branch. The event was supported by the DWP's lead Economic Advisor for Fuller Working Lives and by Aviva, the government's 'independent business champion' and attend by 75 businesses.</p> <p>As part of the event we launched a small pilot in partnership with DWP and the National Careers Service which will run until March 2018 and test if LEPs acting as a broker organization between employers and the National Careers Service can improve the take up of the NCS offer for older workers (aged 50 and over). We are awaiting tack up since the launch event in September.</p> <p>We are also in the process of refreshing the membership of the task and finish group to reflect more fully business engagement, particularly those demonstrating evidence of good practice.</p>		Michelle Rainbow	G

Employability and Inclusion Programme| Lead: Michelle Rainbow

Goals

Strengthening our employment rate is key to our economic resilience. Ensuring local people are prepared and fit for work and have access to good quality employment opportunities will improve their lives and ensure that businesses can recruit and retain the people they need in a changing labour market

SEP Action	Progress/ current position	High level risks	Lead	Status
Fit and well for work - support people with health conditions to find and maintain employment				
Support primary care professionals in helping people access support to get them back into work	<p>Health and Wealth – Closing the Gap in the North East. The report has been produced and shared with partners with 10 recommendations clearly articulated to bring about transformational change.</p> <p>The DWP 'Opt-In' programme for the North East is utilising £6m European Social Fund (ESF) to test a local approach to support 2500 long term unemployed residents with health conditions to find work over 2017-19. The programme is delivered by Working Links. Performance data to date shows 786 people attached to the programme; with 203 job starts in total (including first and second job starts). High numbers of those referred (510 to date) have been ruled ineligible by DWP; or have withdrawn. Insufficient referrals from Job Centres (due to Universal Credit roll out) and ESF eligibility continue to be the prime cause of under-performance. The introduction of the Work and Health Programme (see below) is the priority for JCP which may have a negative impact on referrals. The impact will be closely monitored.</p> <p>An ESF call was launched in Sep 17 to support up-skilling and re-skilling of employees working in the Health & Social Care sector. Applications will be considered at the ESIF Committee on 25th January'.</p>	<p>Partners do not embrace and take forward</p> <p>A contract variation widening the eligibility criteria changes the strategic focus of the programme.</p> <p>Projects selected by the Managing Authority to not meet local need.</p>	<p>7 LA Chief Executives</p> <p>Michelle Rainbow</p>	G
Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.	<p>The Mental Health Trailblazer is piloting integration of employment and mental health services. The programme targets support to long-term unemployed residents with depression and anxiety acting as barriers to work. By the end of September, the programme had a total of 290 participants, 56 participants to date have moved into employment. A request to DWP for extension of the trial to April 2019, to allow a full two years of delivery; DWP has delayed the process for extension approval, now expected in January 2018.</p>	<p>The delays from DWP in allowing the programme to launch is still having an impact on underspend and performance, but should be corrected by project variance and extension.</p>	<p>Northumberland County Council</p>	G
Monitor and evaluate the impact of the Work and Health Programme in the North East	<p>Reed in Partnership has been awarded the contract for the Work and Health Programme across the North East. The contract area covers 31 Local Authorities and 8 LEP areas; from Northumberland to Derbyshire. The aim of the Programme is to help people with a disability or health condition (80% of starts), the long term unemployed (11% of starts) and early disadvantaged groups (9% of starts) find and sustain work. Referrals will come through JCP and participants can access WHP support for up to 15 months, with an additional 6 months of support once participants are in work. A total of 55,542 people will be supported across the North East contract area but the actual target for the North East LEP area is still to be established. The contract went live on 15th January 2018 and will run until November 2022. There are a number of delivery organisations across the North East LEP area: Northumberland (Northumberland County Council), Newcastle Gateshead, Sunderland and North Tyneside (Ingeus), South Tyneside (Northern Rights), Durham (Durham Council).</p>	<p>Alignment with ESF existing and new provision; such as the DWP opt-in and Mental health Trailblazer (see above)</p>	<p>Michelle Rainbow</p>	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Work with employers to improve take up of the Better Health at Work Award Scheme.	<p>The Programme Leader for BHAWA, based at the TUC is part of the Fuller Working Lives Task & Finish Group and delivered a seminar about BHAWA and how provided information as to how employers can access it. Referral to the award will be on-going as a suggested means that employers can hope to 'retain' holder workers.</p> <p>The LEP are promoting the Award and are about to undertake an assessment of their own BHAW led by two members of the LEP team.</p>		Michelle Rainbow	G
Continue to address the importance of in work progression and job equality	<p>A number of ESF calls, which focus on up-skilling and re-skilling those in work to aid job progression, have recently closed and the applications are being appraised by the ESF team within the Managing Authority. These appraisals are due to go to the ESIF Committee during Q1 of the 2018 calendar year. The call of relevance are:</p> <ul style="list-style-type: none"> • Digital Skills – £20m ESF call • Health & Social Care Skills - £5m ESF call • North East Ambition - £3m framework call + £3m skills development ESF call 		Michelle Rainbow	G
Youth Employment - develop pathways for the most vulnerable and disadvantaged young people to help them move into education, training and employment				
Create and scale up initiatives that adopt innovative and agile approaches to meeting local needs	<p>Generation North East covers the whole of the North East LEP geography and has been operational since July 2014. The programme has supported 4265 young people, of which 1981 have moved into employment to date; 1125 of those gaining employment have now sustained employment for 6 months or more. Generation NE funds have also supported a further 756 participants, 345 into work through provision of match-funding for Durham Works. The project has exceeded all targets and continues to perform well.</p> <p>An ESF call for projects to support young people into employment and training was released on 26th July 2017 and a Generation North East application was developed and submitted by a cross authority working group on 23rd September to extend and expand the programme, including to those young people not claiming benefit. Outline approval has been received (15th Dec 17) and a full application will now be developed in partnership and submitted on or before 9th March 2018. However, due to the number of projects proceeding to full application, Generation NE will be expected to align and work with other projects that are seeking to secure ESF funding before submitting their full application to ensure best value, synergy and alignment of services.</p>	Application for any suitable future calls for projects through ESF will be considered as a means to extend the programme.	Michelle Rainbow	G
Deliver the Durham Works project	Project is progressing to schedule and is funded by ESF and the Youth Employment Initiative (both are European funded programmes). Future funding streams post 2018+ to support those aged 15-24 is being explored for County Durham. To date, there were 3757 verified participants which is on profile for the overall project.	Risk of not securing future ESF funding	Durham County Council	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Ensure young people have the access to support and skills required to progress employment.	<p>Newcastle College Group secured funding from ESFA / ESF for this project. The project commenced delivery in late 2016 and runs to July 2018 with the aim of supporting 1300 young people who are NEET or at risk of becoming NEET. To date 1011 young people have been supported through this contract; however, there are particular concerns regarding complementarity of service delivery against the Durham Works Youth Employment Initiative in Durham area which is being carefully monitored</p> <p>The LEP held a Provider Network meeting on 27th Nov 17 to evaluate 'What is working well' and 'What isn't' across the 11 ESFA/ESF funded contracts. Concerns were raised around the restrictions placed on activity which has made it difficult to offer the bespoke service needed by individuals and businesses. These concerns will be raised appropriately through the ESIF Committee and local groups. NCG and other ESFA contract providers have expressed an intention to extend and grow their contracts beyond July 2018 should the ESFA provide this opportunity. We expect to hear more on this in February/March 2018 time.</p>	<p>Collaboration across service providers is voluntary. The service contracts awarded by ESFA and others have targets which must be achieved to draw down funding; making it challenging to collaborate and cross-refer clients to more appropriate services.</p> <p>Uncertainty about future funding leads to loss of project infrastructure & expertise as the project starts to wind up ready to close in July 2018</p>	Michelle Rainbow	A
50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work				
Develop and implement a 50+ workforce strategy in partnership with key stakeholders.	<p>Development of project in initial stages. As described in the Skills section of this report, the challenge is Retain, Regain and Retrain. The first stage, Retain, will involve working with employers to 'retain' their existing older workforce. Regain – a pilot will commence with the National Careers Services and DWP in Autumn 2017 Retrain and a number of the ESF projects have older clients as a focus in their provision. We are also looking at promoting case studies of 50+ apprenticeships to promote this as an alternative way to 'retrain' and 'regain' core skills needed by businesses today.</p>		Michelle Rainbow	G
Active inclusion – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.				
Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.	<p>Gateshead Council has been awarded ESF / ESFA funding £2million to support third sector organisations who will work with 1894 unemployed learners. This project is performing extremely well and has been well received by the voluntary and community sector, with 1199 unemployed learners supported to date. The Council have asked ESFA to extend their project to post July 2018 but this is not yet confirmed.</p> <p>A further £19 million worth of contracts have been issued by Big Lottery's Building Better Opportunities (BBO) programme to support those furthest away from the labour market. This will support 4500 individuals on pathways to employment. At the Provider Network meeting hosted by the LEP on 27th Nov 17, feedback from the BBO contract holders was positive; although there are eligibility challenges associated with the funding, contractors are working together to share good practice and to align/offer synergy in provision across the North East LEP area. No contract performance information is available at present but us expected soon.</p>	<p>Securing additional ESF/ESFA/Big Lottery funding currently being considered at a national level. No date has been given for a decision as yet.</p>	Michelle Rainbow	A
Provide targeted support to those with protected characteristics.	<p>An ESF call was launched in September 2017, with a focus on supporting those with protected characteristics who are furthest away from the labour market. Projects are currently being assessed by the ESF Managing Authority.</p>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.</p>	<p>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. These projects in themselves will not solve the problem; however good practice can be captured and lessons can be learned to ensure future provision via the UK Prosperity Fund is structured appropriately.</p>		<p>Michelle Rainbow</p>	<p>G</p>
<p>Adopt a community-led local development approach within our communities suffering from significant deprivation.</p>	<p>All CLLD projects have recently been approved and are now 'live'. We expect to report on progress in future updates. A number of projects will be invited to present at the Employment and Skills Board.</p>	<p>Projects are progressing as planned.</p>	<p>7 Local Authorities Chief Executives</p>	<p>G</p>

Economic Assets and Infrastructure Programme | Lead: Helen Golightly

Goal

We must supply the right land and develop our critical infrastructure and sites to support the growth of our industrial strengths and clusters, accommodate the changing structure of the economy, foster innovation and deliver the housing required for our changing population.

SEP Action	Progress/ current position	High level risks	Lead	Status
Develop Local Plans which support North East economic ambitions				
Develop 7 local authority statutory Local Plans	<p>Local Authorities are progressing through the stages of plan preparation. Local authorities have a duty to cooperate and the seven local authorities have all signed an MOU of cooperation.</p> <p>Local Plans adopted to date:</p> <ul style="list-style-type: none"> Newcastle and Gateshead joint core strategy adopted North Tyneside local plan adopted July 2017 <p>Local Plans in development are:</p> <ul style="list-style-type: none"> Durham Sunderland South Tyneside Northumberland County Council 	Local Plans are not adopted in the short term resulting may impact on investment decisions and timeline	7 LA Chief Executives	A
Securing investment – to deliver strategic employment and housing sites				
Develop a robust pipeline of sites for business development and housing investment	<p>The initial sites local authorities' pipeline is in place.</p> <p>The LEP will embed the local authorities' pipeline into a North East strategic investment project pipeline to utilise for future funding and investment opportunities.</p>	Insufficient capacity will slow progress	7 LA Economic Directors & Helen Golightly	G
Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites	<ul style="list-style-type: none"> Work on round 1 EZ sites is progressing and business cases for the funding of the interventions on each of the sites are being prepared and will be submitted to the LEP team for evaluation before being reported to the Investment Panel for consideration and then reported to the LEP Board for approval The EZ financial modelling for rounds 1 and 2 has been updated and has been externally tested by Cushman and Wakefield. Updated income estimates are being collected with a view to a full update of the Financial Model being reported to the North East LEP Board in March. A revised investment model using business rate income has been developed to inform local agreements. It is expected that the overarching legal agreement will be signed by six councils shortly with the remaining council potentially in a position to sign the agreement in February. 	<p>Income is not received at the expected level.</p> <p>Not all 7 Local authorities sign the overarching agreement thereby slowing investment in their area.</p>	Helen Golightly	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Collaborative development of spatial planning framework for the North East, supporting the SEP				
Publish a North East Development Framework	Further work will continue through the LA7 Housing and Planning group on updating the relevant Duty to Cooperate documents.	The 7 local authority group is ineffective and progress is not made	7 LA Chief Executives	A
Explore a collaborative approach to strategic mitigation to deliver the mitigation hierarchy set out the National Planning Policy Framework	The LA7 Housing and Planning group are assessing a collaborative approach.	The 7 local authority group is ineffective and progress is not made	7 LA Chief Executives	A

Transport and Connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	Status
North East Transport Delivery				
Deliver transport LGF schemes	On-going monitoring of the programme, reported and assured through the Heads of Transport meeting and Economic Directors. Schemes at various stages of delivery, risks being actively managed.	Project's slip outside LGF funding window.	Helen Mathews	G
Continue to roll out flexible public transport ticketing	<p>Nexus is working with Transport for the North and partner authorities in the development of a specification for an Account Based Ticketing Back Office. This will allow the use bank cards and mobile devices to pay for journeys by touching-in at the point of entry and exit from the network. It is intended to form a partnership with the major bus operators, with each operator (including Nexus, for Tyne and Wear Metro) expected to sign "Heads of Terms", indicating support for the project, in January 2018.</p> <p>Nexus continues to be involved in plans to develop a test bed and series of trials for 5G Technologies across the North East. This is one of a number of projects around the Combined Authority area seeking Nexus' support to improve Digital Connectivity across the region, recognising the importance of the Metro routes. We are continuing to engage with all relevant stakeholders to develop a plan that can best support these projects whilst improving our customers' journey experience and ensuring Value for Money</p> <p>Nexus is supporting ITSO (the National Standards body for Smart Ticketing) in a Host Card Emulation (your phone becomes your POP Card) trial on Metro. Following a successful "Proof of Concept" system test, a competition is being run, through Digital Catapult North East & Tees Valley, to identify an innovative App Developer who can embed this functionality into a wider transport application. Although this is an open competition, it is expected to attract particular interest from local developers.</p>		Tobyn Hughes	G
Continue joint management working of our transport system	A consultation draft of Rail North's Long Term Rail Strategy has been approved by the Rail North Board. A public consultation on the Strategy will be launched in January alongside that for Transport for the North's Strategic Transport Plan. Consultants are developing options for consideration by Rail North in the development of its draft Long Term Fares Strategy..		Helen Mathews	G
Develop and expand the Urban Traffic Management and Control Centre (UTMC)	UTMC NPIF bid successfully received funding, relocation and refresh of the back office continues.		UTMC team	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Identify and begin to deliver strategic schemes to enhance connectivity	Heads of Transport developed a strategic project pipeline and project sponsors developing projects as appropriate. Work has commenced on scoping proposals for the Transforming Cities bid – aimed at public and sustainable transport – in advance of guidance being issued by DfT.		Helen Mathews with local authority Heads of Transport	G
Identify and begin to deliver pinch point solutions	Work continues on delivering schemes funded via the Highways Maintenance Challenge Fund and National Productivity Investment Fund. A fund has been announced by DfT for potholes, which will be provided direct to local authorities. Details are awaited on the next round of Highway Maintenance Challenge fund and Transforming Cities.		Helen Mathews with local authority Heads of Transport	G
Identify and begin to deliver a long term project pipeline	Commenced planning to develop an approach to progress a pipeline. Approach to be discussed with Heads of Transport, Economic Directors and the LEP. Meetings held with all LAs and comprehensive Transport Pipeline to be reported to LEP		Helen Mathews	G
Transport Innovation				
Commission the Go Ultra Low Cities Programme	Tender evaluation on-going for the award of contract for the filling stations. Seven bids were received. Delivery of both sites anticipated to be complete by September 2018 Procurement for the rapid charging clusters underway Market day held for the existing infrastructure with strong market interest. Audit underway to inform procurement process.		Helen Mathews	G
Regional Transport Planning				
Develop and agree a Regional Transport Plan	Briefings held with Economic Directors and TNEC. Further engagement was held with TNEC members and O&S members. Work continues on Walking and Cycling strategy, Key Route Network as daughter documents of the transport plan. Work commenced on NECA wide Air Quality Strategy	North of Tyne devolution and impact on structure of the plan	Helen Mathews	A
Strengthen the alignment between the transport plan and the planning process	Local Transport Plan to be consulted on with Heads of Planning		Helen Mathews	A

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Explore opportunities presented to us in new legislation</p>	<p>Nexus is working with local partners to develop a Bus Strategy for the NECA area. Topic groups, with officer representation across the LA7 and the bus companies, have produced content that will feed into the draft strategy. It is intended that a final draft strategy will be prepared for consideration, prior to public consultation, at the same time as the Transport Plan.</p> <p>A preliminary review has taken place to understand the potential impacts, positive and negative, of 'New Mobility Services' such as on-demand transport links (which in time could be delivered by autonomous vehicles), travel and ticketing aggregator apps and zero emission vehicles. Consideration is being given to the practical ways such innovations could be delivered in the NECA area, to both benefit passengers and minimise risks to existing transport services.</p> <p>The Bus Services Act 2017 made provision for open data in relation to bus services, covering timetables, fares and real-time information on a single platform that web developers can use. Nexus and Urban Transport Group are represented on a DfT working group examining the rollout of this element of the Act, and also a national bus operator-led group.</p>		Tobyn Hughes	G
<p>Develop transport investment programme</p>	<p>Awaiting guidance to be issued on Transforming Cities and Highway Maintenance Challenge fund. Bid underdevelopment for a transport package for ERDF Sustainable Urban Development fund. Expression of Interest to be submitted end Jan 2018</p>	No identified programme of funding, beyond current LGF	Helen Mathews	A
<p>Identify opportunities for improved freight infrastructure</p>	<p>Freight partnership continues, work programme for the year to be agreed by the partnerships. Input into TfN work stream continues Water freight group established, first meeting very well attended by local businesses. Partnership support to be re-tendered.</p>		Helen Mathews	G
<p>Improve transport proposals to employment sites (by 2020)</p>	<p>Work continues with South Tyneside, Sunderland and Gateshead to scope transport links to IAMP. Options being considered for Transforming cities which will consider connectivity into city centre employment sites</p>		Helen Mathews with Heads of Transport	G
<p>Implement an enhanced public transport offer (by 2020)</p>	<p>Intrusive surveys have been completed on Sunderland station and options appraisal concluded. The preferred design will now be developed, taking into account the outcomes of the intrusive survey, with a view to achieving GRIP 3 by September. Sources of funding are continuing to be investigated.</p> <p>A programme for delivery of the Metro and Local Rail Strategy has been presented to the NECA Heads of Transport Group for information. All elements of the programme are being progressed</p> <p>Scoping has commenced for the Extensions' Strategic Outline Business Case. An economic study into the value of Metro has been commissioned to support this work.</p>		Tobyn Hughes	G

National and international connectivity				
Enhance east-west road and rail connectivity	<p>Work on the energy coasts study has commenced – WSP leading on the works.</p> <p>Consultation with regions has started with an opportunity to feed into the study.</p> <p>Highways England commitment to upgrade junctions on the A69</p>	Ensure that the needs of the North East are adequately considered as part of the study	Helen Mathews	G
Develop an initiative to support air, sea and rail transport hubs	<p>International connectivity study has reported which lent strong support to the regional airports and ports.</p> <p>Local Transport Plan developing policies in each of these areas.</p> <p>NECA feedback into the Energy Coast study being undertaken by TfN and road schemes to be submitted as part of the RIS process.</p> <p>Locally work to commence on pipeline of schemes to feed into future opportunities which may come forward as part of the Transport Investment Fund for roads. Key Road Network to be presented to the next meeting of TNEC</p>		Helen Mathews	G
Make our region HS2 ready	It was agreed at TNEC that a report would be commissioned into High Speed station and route options for the region. Budget to be identified to support this work		Helen Mathews	A
Digital connectivity				
Map and influence superfast broad band coverage	<p>The North East Digital Leaders Group which brings together the 7 LA Digital Leads and the LEP have developed a comprehensive mapping of superfast broadband coverage</p> <p>Through the Group, mapping of regional cyber-security capacity has also been completed and a plan is being scoped to develop a pilot scheme to promote regional cyber resilience including a regional cyber resilience and innovation centre to complement the work of the National Cyber Security Centre (NCSC) and the Computer Emergency Response Team (CERT) UK, and a regional response to both the Digital Strategy (2017) and the National Cyber Security Strategy (2016).</p>		Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
Develop and begin delivery of 5G test-bed	<p>Outline concept for the Test Bed articulated and socialised with regional and national partners in the context of UK 5G strategy</p> <p>NE activity on 5G in the National Infrastructure Commission Report</p> <p>Stage 1 MOU signed on 11th May 2016, between the North East LEP, NEXUS, NECA, NewCo (Durham) and the 5G Innovation Centre (5GIC) at Surrey University – the National Centre for Excellence on 5G. MoU facilitates ongoing dialogue between regional organisations, the 5GIC and the Digital Catapult</p> <p>Business case to be developed by Autumn 2017 collaboratively with national partners to position the NE for a national competition including infrastructure plan and first phase ‘use’ cases</p>	<ul style="list-style-type: none"> Change of UK level policy direction Failure to prepare sufficiently compelling business case in content of UK competition Regional stakeholder management issues Capacity constraints 	<p>Lead – TBC</p> <p>Steering Group R.Baker D.Bartlett C.Crawford P.Jackman D.Dunn T.Hardwick</p>	G

	Plan to deliver a 5G component of the Great Exhibition of the North to be in place by January 2018			
<p>Explore the potential to develop fibre-optic connectivity to Europe</p>	<p>Private sector led consortium of Aqua Comms and Stellium Datacenters plan to build North Sea Connect - a high capacity system connecting the North East to Denmark, with branching potential to Germany and the Netherlands.</p> <p>It will provide the first modern high capacity system crossing the North Sea from the region to mainland Europe, providing unique routing and UK diversity . It will provide with a unique link between the US, Ireland and northern Europe avoiding London.</p> <p>The plan awaits investment and customer demand, but permissions are in place</p>	<ul style="list-style-type: none"> •Market demand 	TBC	G

Strategy, Policy and Analysis | Lead: Richard Baker

Goals

To ensure the LEP places up to date economic analysis, evaluation and evidence development at the heart of its work, and is looked to as a focus for innovative, collaborative and policy oriented evidence development

SEP Action	Progress/ current position	High level risks	Lead	Status
Strategic Economic Plan development				
Review SEP refresh process	Due to other priorities it has not been possible to progress this work to date and it is unlikely that this work will be commenced early in 2018, by which time it is likely that the time lapse since the refresh will reduce the usefulness of the output. It is therefore proposed that this action is no longer taken forward as planned but is included within the framework of the SEP evaluation.	Time elapsed since refresh process reduces level of output from review	Richard Baker	R
Delivery of comprehensive SEP communications plan	Comprehensive plan in place, which includes standardisation of messaging, video animation of key SEP message and a refresh of the 'Smart Spec' brochures which are all progressing well and due to be complete before the end of February 2018		Richard Baker	G
Develop and implement evaluation framework	Evaluation plan currently being developed to include review of key indicators, link to programme KPIs and agreement of evaluation process. Outline going to LEP Board in January – aim to get proposal to Board in March prior to external commission	This is a complex project which will need to navigate a range of monitoring and funding arrangements	Richard Baker	G
Economic information and commentary				
Produce and promote annual 'state of the region' economic report	Scoping of document produced, which included structure, content, resource requirements and timings. Initial planning for launch event in March 2018 underway. Potential to create a 'Data Hub' to provide background data for the report being considered, alongside NECA transport colleagues	Lack of resource to produce document in good time	Richard Baker	G
External economic commentary	Calendar of economic commentary linked to national data releases has been developed and is being implemented: key focus is on ONS labour market data releases given SEP priorities Increased programme of economic policy analysis and commentary now underway. Paper agreeing framework approved at July 2017 LEP Board. Briefings on Industrial Strategy, Budget, Brexit issues and Devolution produced since		Richard Baker	G
Improve economic evidence availability	On-going review of current and potential external data sources underway. Updated slide-sets for each LEP-led SEP programme completed. Dialogue begun about Transport and Economic Assets strands (see Data Hub) Definition of economic evidence mechanism for Board and sub-Boards, and for partners newsletter remains under review		Richard Baker	G
Research and evidence development plan	Creation of 'pipeline' of potential research projects (linked to gaps in evidence) in development alongside links to key partners, and supported by the Evidence Forum. Position of Research Co-ordinator now filled, and Evidence Forum schedule of meetings and work plan developed. Proposal on Future Finance in development		Richard Baker	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Informing economic policy nationally and regionally				
Manage key LEP policy contacts in Government and strengthen influencing position	<p>Mapping LEP engagement activities underway, continuing to manage contacts with Government, delivery agencies and research bodies through programme leads and policy activity linked to priority areas identified in July papers.</p> <p>On-going support on engagement with key policy processes including Industrial strategy, devolution deals and Northern Powerhouse</p> <p>Increased engagement with LEP Network linked to Industrial Strategy, LEP Future role and Funding including membership of Steering Group for research project. New linkages on sector deals developing</p>	Lack of meaningful engagement with key contacts lead to missed opportunities	Richard Baker	G
Improving the regional economic evidence co-ordination and engagement				
Build engagement with key research and evidence partners	<p>On-going relationship building with key regional, national and international evidence bodies inc Bank of England; NECC; CBI; Universities; ONS; OECD</p> <p>Scoping meeting held to initiate Economic Evidence Forum with first meeting scheduled for February 1. This will develop collaborative approach to 'pipeline' of research to lead policy or fill knowledge gaps</p>		Richard Baker	G
Work with partners to develop future local strategies including: sector specific strategies and Local Industrial Strategy	<p>Sector strategy in Health and Life Science going through refresh; Strategy development work now initiated in all 4 smart specialisation areas working with partners. New brochures under development and links to sector deals being pursued..</p> <p>Initial linkages to other key components of Governments Industrial Strategy being mapped including grand challenges and construction</p> <p>Thinking and lobbying underway about role and position of a Local Industrial Strategy.</p>	<p>Ensuring delivery capacity and constructive relationships with partners. Work being progressed lead by SMT members.</p> <p>New resources being developed.</p> <p>Ensuring agreement reached with BEIS on framework and timings for key IS processes</p>	Richard Baker	G

Investment Programme | Lead: Helen Golightly

Local Growth Fund		North East Investment Fund		Enterprise Zone development	
Total funding available	Capital grant funding £270.1m 2015-21	Total funding available	Capital loan funding £54m evergreen fund	Total funding available	£108m since launch. Including £5.65m of private investment since April 2016
Amount allocated	Over £240.7m fully approved or allocated to stage 1 projects £29.7m in pipeline development. 2017/18 budget is on target to be fully spent. £31.5 spent to date – claims for Q3 are due to be received during January 2018.	Amount allocated	Over £65m invested through the programme to date with repayments underway. Approximately £10m available to invest.	Amount allocated	1,338 new jobs created with 41 businesses located on the EZ sites.
Projects supported	52 major projects approved and a further circa 26 under the Rural Growth Network and Local Sustainable Transport Fund mini programmes. Two Innovation related 'mini-programmes' have been approved with one opening project call in November 2017, and the second by the end of January 2018. Major project recently approved (International Advanced Manufacturing Park (IAMP) and Gateshead Quays) are in contracting stage.	Projects supported	26 projects supported over last four years, developing strategic infrastructure in support of economic growth in North East LEP area, including investment in Enterprise Zones and employment sites. New round of promotion undertaken through Project Call. This is creating early stage interest in the Fund on several fronts. Meetings are being undertaken with prospective applicants to see whether full business cases should be brought forward.	Projects supported	The Enterprise Zone sites have attracted significant investment to date Applications are being progressed for Port of Tyne (Royal Quays), Port of Tyne (Holborn) and Bates/Wimbourne sites and more recently received applications for the Jade Business Park (formerly Hawthorn) and IAMP sites, Holborn and North Bank of the Tyne. A legal agreement is being developed which is required for further project approvals and a full implementation plan has been finalised.
Issues	148 jobs were reported in quarter 2 17/18 bringing cumulative total to date to 291. Performance data for quarter 3 due from projects during January 2018. Level of 2017/18 budget over programme recently reduced from 21% to 6%.	Issues	To date in 2017/18, NEIF projects have reported a cumulative jobs total of 224. Figures for Q3 are due to be received from projects during January 2018. These figures reflect an upward trend in output as projects move from build out to occupation and delivery. In addition funds are now being repaid, providing more finance available for re-investment / job creation.	Issues	To date in 2017/8 Enterprise Zone sites attracted 56 new jobs and 4 new businesses started operating on the site although 4 businesses stopped operating on the site to enable further development work on Swans and reflecting the focus on growth and move-on at the Blyth workspace. Overall performance continues to show slower development, build out and occupation of sites that originally envisaged but a positive financial model and significant pipeline of interest in the sites.

Communications Update – December 2017

Social Media



Followers: 7,621 (+5.32% since 1 Nov)
Reach: 230k (Impressions during December)



Followers: 2,389 (+ 5.77% on last month)
Reach: 46,591 (Impressions during December)

Benchmarking against top three LEPs on twitter
(as of 12 January 2018)

The top three posts for engagement
(i.e. someone clicked or expanded the link) during
this period were:

7,621

7,001

6,741

6,705



Top Tweets

Dec 2017 · 31 days

TWEET HIGHLIGHTS

Top Tweet earned 16.4K impressions

NEWS: A £120m fund to support the growth of hundreds of North East businesses will go live early next year [#NorthEastFund](#) [nelep.co.uk/news/news-nort...](#) [#moreandbetterjobs](#) [pic.twitter.com/CdXydMlCm7](#)



1 64 83

View Tweet activity

View all Tweet activity

Top media Tweet earned 5,030 impressions

Do you have the ambition to take your business to the next level? Hear from the former CFO of Superdry at a free Growth Hub Live event [bit.ly/2neb5Cs](#) [pic.twitter.com/MPTmEq0GPj](#)



Post

Date

Impressions

Likes

Clicks

Eng't rate

NEWS: A £120m fund to support the growth of hundreds of North East businesses will go live early next year [#NorthEastFund](#)

17 Dec

11088

201

65

2.399%

We would like to wish you a very Merry Christmas and prosperous 2018. Our social media accounts will be monitored intermittently across the holidays until we return on Tuesday 2 January 2018. Thank you for your continued support and we wish you every success in 2018.

22 Dec

4056

9

17

0.641%

Missed the deadline to apply to join our Innovation Board? We've it until 15 Dec:

6 Dec

3291

50

11

1.854%

Press Coverage
Nov & Dec 2017

No. Articles
122

Sentiment:

Positive: 44.7%

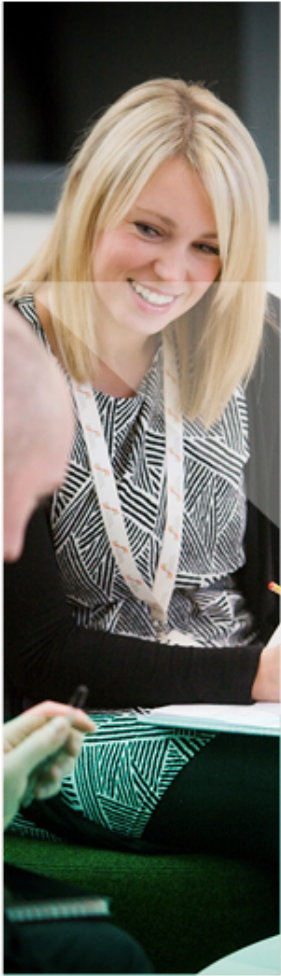
Neutral: 55.3%

Negative: 0%

Highlights:

21 Dec: Announcement of progress on the North East Fund was covered positively by all regional titles both online and print.

4 Dec: The National Centre for Imagination in Sunderland was announced as the North East LEP's preferred project to progress to bid for the £15m Cultural Regeneration Fund.



North East

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25 January 2018

**ITEM 4: Revenue Budget 2017/18 and
2018/19**

1.0 Executive Summary

1.1 The purpose of this report is to update the North East Local Enterprise Partnership (North East LEP) Board on the forecast revenue outturn position for the North East LEP core budget for 2017/18 and present the initial 2018/19 revenue budget for approval.

2.0 Recommendations

2.1 The Board is recommended to:

- (i) Note the 2017/18 forecast revenue outturn position;
- (ii) Approve the 2018/19 North East LEP core budget.

3.0 2017/18 Forecast Revenue Position

3.1 The North East LEP Board agreed its budget of £2.983m for 2017/18 in January 2017.

3.2 The 2017/18 forecast revenue position for the North East LEP is showing gross expenditure of £2.958m with income of £2.921m, resulting in a reduced use of balances of £0.037m than initially projected. The revised budget for 2017/18 and forecast outturn position including the operation costs of the Gatsby and Growth Hub activities are presented at Table 1. The forecast revenue position for 2017/18 has fallen slightly from £2.983m to £2.958m, mainly as a result of savings in staffing costs due to vacancies during the year.

4.0 2018/19 Revenue Budget Position

4.1 The 2018/19 budget proposal was reported to the North East Combined Authority, as accountable body for the LEP, on 16th January 2018 for information and no issues were raised. Table 1 presents the North East LEP 2018/19 Budget proposal, with the estimate outturn for 2017/18.

Table 1 Latest Estimate for 2017/18 and Proposed Budget for 2018/19

	2017/18 Original £000	2017/18 Latest Estimate £000	2018/19 Draft Budget £000
<u>Expenditure</u>			
Employees	1,429	1,256	1,415
Premises	95	93	95
Communications	247	247	247
Transport LGF Activity	200	300	150
Other LGF Costs - Legal / Finance		50	50
Gatsby and Growth Hub Operational Costs	249	249	249
Other Operational Costs	623	623	616
Inward Investment Contribution	140	140	140
Gross Expenditure	2,983	2,958	2,962
<u>Income</u>			
LEP Core Grant from DCLG	(250)	(250)	(250)
Local Authority Match Funding	(250)	(250)	(250)
LEP Strategy Grant from DCLG	(250)	(250)	(250)
Local Growth Funding - Management Costs	(1,200)	(1,200)	(1,200)
Interest Generated on Funds (inc LGF) to finance the Inward Investments Team	(140)	(140)	(140)
Enterprise Adviser Grant	(78)	(78)	(48)
NEIF / EZ Contribution to cover activity costs	(100)	(100)	(100)
Gatsby and Growth Hub Grants	(504)	(504)	(506)
Energy Strategy BEIS	0	0	(40)
Horizon 20/20	0	0	(18)
Contribution from NECA for Executive Director	(60)	(75)	(66)
DCLG contribution for EZ Commercial Support	0	(28)	0
Other Income	0	(46)	0
Gross Income	(2,832)	(2,921)	(2,868)
Net Budget / Funded from Carry Over Balances	151	37	94
Brought Forward Balance	(575)	(574)	(537)
Carried Forward Balance	(423)	(537)	(443)

- 4.2 The staffing budget for 2018/19 reflects the revised costs of the current establishment, which is slightly lower than the base budget agreed for 2017/18. A staffing cost saving was achieved in 2017/18 due to the outcome of the pension revaluation, with no employers' contributions for the North East LEP Team employed by NECA over a three year period at least. This saving will continue in 2018/19. The budget includes an allowance for inflation of 2%.
- 4.3 A 2% annual pay award assumption has been factored in to the employee budget for 2018/19, with higher percentage increase at the lower end of the scale to reflect the impact of the living wage, in line with the pay offer National employers have made to NJC Trade Unions. No offer has been made in relation to senior staff and the actual pay uplift has not yet been agreed.
- 4.4 The NECA triennial actuarial pension assessment reported a healthy pension fund position and recommended a 0% employer superannuation contribution for the 3 year period 2017/18 to 2019/20. When compared to the contribution rate in 2016/17 of 20.5% this provides a significant budget saving of around £270,000.
- 4.5 A staff turnover allowance of 3% has been factored into the employee budget for 2018/19.
- 4.6 Premises budget supports expenditure primarily in relation to the current team base at St James Gate in Newcastle. The LEP entered into a 5 year lease for this accommodation in September 2015.
- 4.7 The successful delivery of the LEP communication strategy is a key aspect of ensuring an efficient and effective North East LEP operation. The proposed Communications budget for 2018/19 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2016. Key aspects of the budget include development of the communications activity related to delivering the SEP Refresh and the continuation of essential PR & Media support.
- 4.8 The 2017/18 expenditure total for Transport LGF Activity is forecast to be £300,000, which includes some activities carried over from 2016/17. Given the majority of LGF transport schemes will have progressed through appraisal during this financial year, activity is forecast to reduce from 2018/19 onwards, this is reflected in the reduced budget allocation, £150,000 in 2018/19. Costs are currently being managed by Newcastle City Council, with an evidenced recharge to follow at each financial year-end.
- 4.9 Non-salary costs in delivery of the Gatsby Foundation and Growth Hub initiatives are forecast to be £249,000 in 2018/19. Employee related expenditure is included within the employee's budget heading.
- 4.10 Other operational costs total £616,000 for 2018/19. An on-going corporate delivery budget of £300,000 is required for general LEP running costs for example IT equipment, travel expenses and support services. In addition the North East LEP led SEP strands including Innovation, Business Support/Access to Finance and Skills have an operational allocation to ensure delivery and that the necessary progress

can be obtained. Allocations for LGF finance and Legal support provided by NECA, Investment fund (NEIF) support and Enterprise Advisor delivery are also included.

The total 2018/19 budget is broken down over the noted areas as follows: -

Delivery Area	2018/19 Budget (£'000)
Corporate / General	300
Innovation	110
Strategic Policy & Economic Analysis	80
Business Support/Access to Finance	20
Skills	20
LGF Legal and Finance Support	48
Enterprise Advisor Delivery	21
Energy Strategy BEIS	17
Operating Costs TOTAL	616

- 4.11 Inward Investment contribution to support Regional Inward Investment activity over a 3 year period. The agreed allocation of £140,000 is included in the budget for 2017/18 and indicatively in future years.
- 4.12 LEP Core Funding & Strategy Grant Funding – Confirmation of £500,000 Core Grant funding for 2017/18 was received from BEIS in December 2016. This funding award has historically been split over two separate £250,000 grant allocations (Core Grant and Strategy Grant), this has now been merged as one grant moving forward. The Local Authority Match Contribution requirement of £250,000 was agreed at the North East Leadership Board meeting held on 16th January 2018, this will be provided in equal 1/7th shares by the 7 constituent Local Authorities.
- 4.13 Local Growth Fund (LGF) – As previously agreed by the Board, a 2.5% top-slice of the Local Growth Fund allocation is available to support the delivery of the programme, primarily LEP team staffing costs. The drawdown of the balance of the top-slice budget is profiled to be made as follows;

	2017/18 £'000	2018/19 £'000
LGF Programme Management	1,200	1,200

- 4.14 The multi-year Gatsby Foundation funded programme will continue into 2018/19, the actual balance carried forward for utilisation in 2018/19 is still to be determined, but currently forecast to be £96,000. The continuation of the Growth Hub grant funding is expected to be at the same level as 2017/18 as for 2018/19 for £410,000.

- 4.15 The Enterprise Advisor project commenced in 2015 aiming to create a network of enterprise advisors across the North East to facilitate closer links between schools and the business and enterprise community. Funding for two Enterprise Advisors was awarded to cover expenditure in 2015 and 2016 with match provided through North East LEP resource. An additional resource was funded in 2017 increasing the funding to £78,000, however, the funding has reduced to £48,000 in 2018 in line with expenditure.
- 4.16 NECA Contribution towards the salary costs for the Executive Director is programmed in for 2018/19 of £66,000.
- 4.17 Local Growth Fund Interest – As the annual LGF grant allocation is paid by government in full at the beginning of the financial year, the cash balances held are able to attract sizable interest sums. An estimate for each financial year is included within the budget; the level of interest generated naturally reduces in line with the reducing LGF grant receipts in future years.
- 4.18 It is estimated that the Enterprise Zone account will generate income from Retained Business Rates of over £1.6m in 2017/18, which will cover revenue and capital financing costs. Projections for 2018/19 will be updated to include the new round 2 Enterprise Zones and will be reported to the North East LEP and Leadership Boards in March 2018.

The budget provides the resource to support the delivery of the SEP and the Plan's six themes.

5.0 Recommendation

- 5.1 The Board is requested to:
- i. Note the update on the 2017/18 budget provided within this report;
 - ii. Approve the 2018/19 budget.

25 January 2018

Item 5: Strategy, Policy and Analysis update

1.0 Background

1.1 At its meeting on 27 July 2017, Board members agreed papers which provided a framework for North East LEP work on strategy, policy and analysis.

1.2 The Delivery Update provides an update across the work programme. This paper provides specific updates on a number of areas and seeks comment on the following:

- to work towards agreement from the Department for Business, Energy and Industrial Strategy (BEIS) to an approach to a first wave Local Industrial Strategy which is complementary to the SEP following the publication of the Industrial Strategy White Paper (see para 2.5)
- the approach to the ‘*Our Economy*’ process, aiming to keep our economic evidence base up to date, and specific detailed comments on the current draft (see section 3.0)
- approval to move forward with the approach outlined to the evaluation of the Strategic Economic Plan (SEP) (see section 4.0)
- approval for the revised joint statement of key messages on Brexit (see para 5.3 and annex 2)

2.0 Industrial Strategy

2.1 On Monday 27 November 2017, the Government published its White Paper, *Industrial Strategy: Building a Britain fit for the future*. The White Paper is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

2.2 This followed on from a Green Paper published earlier in the year which elicited significant responses from across industry, education and the public sector. The North East LEP and North East Combined Authority

submitted a comprehensive response to the Green Paper in the framework of the North East Strategic Economic Plan. The response is available at <https://www.nelep.co.uk/wp-content/uploads/2017/04/North-East-LEP-Industrial-Strategy-Response-Apr-2017.pdf>

- 2.3 Annex 1 provides an overview of the White Paper and highlights linkages to other relevant recent announcements.
- 2.4 There are a number of potential opportunities and implications for the North East in terms of shaping the detail of the proposed initiatives, engaging with national level programmes and securing investment. One particular opportunity is expected to be the development of a Local Industrial Strategy as a framework for linking regional assets and programmes to the national strategy. The work which was done during the refresh of the SEP means that the North East is in a strong position to take this forward, and the continuing work on the evidence base described in this paper and on the development of smart specialisation strategies will help further.
- 2.5 Whilst the framework around Local Industrial Strategies (LIS's) is still unclear, Government clearly intends for the LIS to be part of the framework for prioritising emerging regional resources and for securing investment from the national funding streams linked to the Industrial Strategy. They have also indicated that there will be a number of waves of LIS developments. It is recommended that the Board seek to ensure that the North East should aim to build on the momentum generated from the SEP refresh and seek to ensure that it is in the first wave of LIS development.

3.0 'Our Economy'

- 3.1 As discussed at the November board meeting, the North East LEP team has been developing a 'state of the region' report, to be called '*Our Economy*'. The aim of the report will be the focus for on-going updating of the economic evidence base, including reporting on progress on SEP targets. It will provide a mechanism to ensure that the North East LEP can report on SEP progress to the region, the evidence base remains fresh for future SEP and related processes and to inform SEP programme delivery, and to provide a focus for wider discussion of economic issues in the region. To support this, each year the report will include a focused 'deep dive' into a key theme which will sit alongside the general data update. This year the thematic focus will be the role of the North East in the global economy. It is planned that the LEP will publish *Our Economy* on an annual basis timed around the end of the statistical year.
- 3.2 A draft of *Our Economy* report is available but remains a working document – with further data and commentary to be added. In addition:

- Our Economy will be launched at an event at the Sage Gateshead on 6 March. The focus of the event will be on the discussion around the North East in the global economy, with Jason Knights from Blue Kangaroo (a leading North East service-sector exporter) giving the keynote address. There will also be a panel discussion. The North East LEP team has developed a communications plan for the launch, with activity set to begin in the last week of January.
- The North East LEP team has been working with the North East Combined Authority transport officers to develop an associated North East Data Hub which, in the first instance will provide access to data on economic development and transport. Over time, we hope this will host a wide range of datasets on the North East – for example, conversations have begun with DEFRA agencies around the potential to access data around land and other natural capital. The Data Hub will aim to provide a recognised point enabling individuals to undertake their own analysis of the data that underpins the *Our Economy* report.

4.0 Monitoring and Evaluation of the Strategic Economic Plan

- 4.1 The refreshed SEP sets out an aim to develop a plan to produce an overarching plan for monitoring and formal evaluation of the SEP. This is a complex task given the range of funds and funder requirements and the matrix of delivery routes across the 6 programmes, however undertaking monitoring and evaluation activity will help the North East LEP:
- Meet the requirements of funders, including central Government.
 - Inform ongoing decision making by Board and staff.
 - Secure future resources and responsibilities by enabling the North East LEP to demonstrate impact, effectiveness and value-for-money of current and previous activities.
- 4.2 Whilst the North East LEP is recognized as a strong performer in its work, the *Review of Local Enterprise Partnership Governance and Transparency* (Ney, 2017) and the recently published *Industrial Strategy: Building a Britain fit for the future* (HM Government, 2017) announced that Government will review the roles and responsibilities of LEPs and “will bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries” and “will agree and implement appropriate structures for holding Local Enterprise Partnerships to account”. Additional funding will be made available to LEPs that reform in response to the review.
- 4.3 In this context, good quality monitoring and evaluation processes will be critically important for the North East LEP in being able to demonstrate effectiveness, impact and transparency and could provide a competitive advantage in securing more investment into the region.

- 4.4 Given the complexities identified in 4.1, the North East LEP team have developed an approach for a 'portfolio' evaluation which will assure and build on existing programme and monitoring arrangements, and provide an external oversight and impact assessment at the programme level and through case studies. This approach will aim to ensure that the North East LEP will be able to demonstrate:
- The impact and effectiveness of its key interventions after an appropriate time period.
 - That the Board and staff are making use of monitoring and evaluation evidence in their decision making, with the LEP adopting a commitment to being a learning organisation.
 - LEP staff and partners have a good understanding of monitoring and evaluation and are contributing to the monitoring and evaluation action plan
 - That the North East LEP is open and transparent about its monitoring and evaluation activities.
- 4.5 Work is currently being done to scope the detail of these arrangements in line with this plan and define the terms of a brief for an external evaluator. It would be useful to provide the Board with a presentation of this plan at a forthcoming meeting, prior to a contract being let.

5.0 Brexit

- 5.1 Following the discussion at the North East LEP Board in July, the Group of regional partners who prepared the joint 'Statement of Key Messages' shortly after the referendum has now developed a regular meeting cycle. The aim of the group is to provide a platform for:
- Monitoring, sharing information and informing the development of proposals to leave the European Union
 - Preparing and communicating joint evidence about issues and concerns about the impact on the North East economy
 - Ensuring that advice and information is effectively communicated to north East economic partners as it becomes available
- 5.2 The membership of the Group has been extended and now includes representatives of; CBI, NECC, FSB, EEF, TUC, Entrepreneurs Forum, North East LEP, North East Local Authority Economic Directors, North East Universities, The Association of Colleges, Voluntary Organisations Network and the DCLG/BEIS Local Growth Team
- 5.3 The Group has:
- Reviewed the previously agreed statement of key messages given the commencement of the Brexit negotiations, the development of the national debate and in the light of key regional events, including the Brexploration event. The Board is recommended to consider and approve the revised text which is included at Annex 2.

- Produced a response to the Migration Advisory Committee consultation about future immigration arrangements in the context of North east demographic and labour market trends. This is available at <https://www.nelep.co.uk/wp-content/uploads/2017/11/nel273-mac-response-submitted-041117.pdf>
- Commenced pieces of work to analyse data and evidence about the impacts on key North East sectors following a request from DExEU Minister, Steve Baker MP
- Commenced an analysis of regional communications routes to businesses, with the aim of being able to transmit information from Government in the future, following a request from the Minister

5.4 The Group is also scoping a piece of work to assess the range of investment funds which flow to the region from EU sources, and to understand the opportunities and challenges for funding regional development in the region post-Brexit. In the immediate term, through a group of papers, this work will aim to provide an evidence base in preparation for the consultation on the UK Shared Prosperity Fund, proposed in the Industrial Strategy White Paper as the approach to replacing EU structural funds. Over a longer time horizon, it will also provide an opportunity for an Enquiry which will seek to assess the impact of changes to a wider range of resource streams on the economy, such as research and agricultural funding and to look at whether new financial flexibilities or investment sources are required.

6.0 Recommendation

6.1 The Board is asked to:

- Endorse the North East LEP requesting Government to agree for the North East LEP to be part of the first wave of Local Industrial Strategies on behalf of the North East LEP area;
- Consider and approve the North East Brexit text which is included at Annex 2.

Annex 1: Briefing on Industrial Strategy

Background Information

The Industrial Strategy White Paper has a long term strategic focus. It sets out aims to build on economic strengths, and embrace and accelerate technological change for both economic and social purposes to address longstanding productivity underperformance and ensure greater UK earning power. Commentators generally welcomed the White Paper as a framework for approaching these issues, and as a response to an uncertain economic context including preparing for Brexit. Some wanted more detail and ambition, and others highlighted concerns that it did not reflect wider economic issues such as inclusion and social mobility. The White Paper is structured around **five foundations of productivity**.



The Industrial Strategy sets out a number of **key policies** in relation to each of the five foundations.

Ideas

- Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027.
- Increase the rate of R&D tax credit to 12 per cent.
- Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.

People

- Establish a technical education system that rivals the best in the world to stand alongside the world-class higher education system.
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills.
- Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training.

Infrastructure

- Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant.
- Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks.

Business Environment

- Launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector.
- Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank.
- Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the ‘long tail’ of lower productivity firms.

Places

- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities.
- Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions.

- Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1,000 budget for high-quality professional development for teachers working in areas that have fallen behind.

There were parallel announcements in the Autumn Budget the weeks before the publication of the White Paper which created the financial framework.

In addition to the White Paper proposals, the Government outlined plans to establish an independent Industrial Strategy Council to assess progress against the Industrial Strategy and make recommendations to Government.

Grand Challenges

An interesting feature of the White Paper was the identification of four **Grand Challenges** for Government and the wider economy. These are positioned as major global challenges that the UK needs to respond to across government – and which also provide significant opportunities for enhanced productivity and new growth. The Grand Challenges are:

:

- **Artificial Intelligence & the Data Economy:** to position the UK at the forefront of the artificial intelligence and data revolution.
- **Clean Growth:** to maximise the advantages for UK industry from the global shift to clean growth.
- **Future of Mobility:** To become a world leader in the way people, goods and services move.
- **Ageing Society:** To harness the power of innovation to help meet the needs of an ageing society.

It is expected that these will be amongst the key themes for future rounds of investment through the Industrial Strategy Challenge Fund. Subsequent briefing from Innovate UK and the BEIS Industrial Strategy Team suggest that we might expect appointment of a senior industry champion for each of these, plus a Director within the new UK Research and Innovation structure.

Key components of the ‘place’ section

From a regional perspective, there is significant interest in the thinking in the ‘place’ section of the White Paper. Commentators had welcomed the commitment in the Green Paper to embed place into the industrial strategy.

Local Industrial Strategies

One of the key policies set out in the place section is to agree **Local Industrial Strategies** (LIS) “*which will be developed locally and agreed with the government. These strategies will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. This will guide the use of local funding streams and any spending from national schemes.*”

Further detail provided on the Local Industrial Strategies includes:

- A long-term horizon based on clear evidence, and aligned to the national Industrial Strategy providing identification of local strengths and challenges, and future opportunities

- An expectation that they will focus on action needed to boost productivity, earning power and competitiveness. The White Paper envisages that they will potentially address *“skills issues, improving infrastructure, harnessing the potential of world-class science and innovation, supporting new high-value businesses, or identifying leading sectors to inform the development of [sector] deals”*.
- Establishing new ways of working between national and local leaders in the public and private sectors, Universities, colleges and other local institutions.

The White Paper proposes that the first Local Industrial Strategies will be agreed by March 2019, with *“areas with the potential to drive wider regional growth, focusing on clusters of expertise and centres of economic activity”* being prioritised.

Local Enterprise Partnerships are expected to play a key role in the development of Local Industrial Strategies engaging actively with a range of other partners. The report also states that places with Mayoral Combined Authorities will have a single strategy led by the mayor and supported by Local Enterprise Partnerships. For parts of the country without a mayor, the development of the strategy will be led by the Local Enterprise Partnership.

Local leadership

In a section on ***local leadership***, the Industrial Strategy reiterates the Government’s commitment to working with local partners aiming to foster strong public and private leadership. It commits to working with *“new city region mayors, combined authorities, local authorities and Local Enterprise Partnerships to drive growth in England”*.

It commits the Government to supporting locally-driven partnerships, proposals and reforms, with the aim of ensuring that economic powers are exercised at the most appropriate level and that decision-making is effective and clear. It sets out plans to review the roles and responsibilities of LEPs and to contribute additional resources to those that are committed to best practice in terms of governance and accountability. It announces a new Prime Ministerial ‘*Council of Local Enterprise Partnership Chairs*’ to provide an opportunity for Local Enterprise Partnership leaders to inform national policy decisions.

The Strategy reiterates the Government’s agreement to devolution to Mayoral Combined Authorities and highlights the North of Tyne devolution deal announced in the Autumn Budget.

Resources

Industrial Strategy Place Fund: Whilst many of the resource streams such as the Industrial Strategy Challenge Fund and the Transforming Cities Fund were previously announced, the White Paper confirms that a new £115m *Strength in Places* fund will be created to facilitate new investment in place. We understand from later briefing that some of this will be made available in 2018/19 to seed

development of proposals, but that the bulk will be distributed from 2019, presumably to align with the development of Local Industrial Strategies. There is not a clear definition of place for the purposes of this fund and it seems likely that there may be other place-based initiatives which will be potential recipients of support, for example for the delivery of proposals set out in Science and Innovation Audits.

UK Shared Prosperity Fund: The expected UKSPF is also mentioned as a key future funding vehicle linked to the Industrial Strategy. Widely seen as the replacement for European Structural Funds, although likely to be different in scope and scale. We expect a Green paper early this year as a mechanism for consultation on this resource stream.

Observations and implications for North East LEP area

1. As highlighted above there are a number of references to place and local structures in the document including the plans for a Local Industrial Strategy. The framework and process for the development of LIS's has yet to be clearly set out, however, it represents a potential route for strengthening the alignment between national economic objectives, and the objectives and plans set out in the North East Strategic Economic Plan. Given the comments about LIS's that is set out in the White Paper, the work that was done last year to refresh the Strategic Economic Plan positions the region well for this. The follow through work which is being done through SEP programmes, collaborative 'smart specialisation' discussions and the work of partners in positioning the region in a number of areas including sector deals will add further value.
2. Government clearly intends for the LIS to be part of the framework for prioritising emerging regional resources and for securing investment from the national funding streams linked to the Industrial Strategy. The current thinking of the LEP is that the region should aim to position in the first wave of LIS development to build on the momentum generated from the SEP refresh and to ensure that opportunities for investment are not missed.
3. The North East SEP programmes of delivery are well aligned with the five foundations of productivity. Within this context, some of the key actions (e.g. building innovation excellence across the country, delivering a world-class technical education system, building Growth Hubs, investing in infrastructure) reflect issues that the LEP, NECA and other partners are already working on and this will continue. In addition, work that has been done on a number of Science and Innovation Audits provides a potential additional opportunity for securing investment into the region as funding routes become more defined.

Partners in the region will be assessing these and other opportunities as details of programmes and calls emerge and this work will be on-going. From a LEP perspective, the various Programme Boards will be seeking to identify opportunities for the North East taking forward priorities set out in the Strategic Economic Plan and will communicate actively through routes such as the Growth Hub and Supernetwork. The LIS should potentially provide a focus for articulating a comprehensive North East offer into these programmes.

Annex 2

North East Brexit Group

UPDATING THE NORTH EAST'S KEY BREXIT MESSAGES

Introduction

Given the commencement of BREXIT trade talks, it is important that the key messages from the region, which were previously agreed by the NELEP Board and the business community, are refreshed (appendix 1). These should reflect changes in the national debate and conclusions arising out of the recent events within the region, including BREXploration (appendix 2).

The key messages should be concise and accessible. They also need to be relevant to national Government; businesses and residents in the NE; and to companies and workers based overseas. For convenience, they have been grouped into themes of:

- The NE is open for business
- We need an ongoing strong relationship with the EU
- Policy-needs post-BREXIT.

Context

Although many of the NE Key Messages will also be relevant to other places in the UK – and it may be able to establish joint positions – the impact on the NE needs to be considered in light of:

- The sectoral composition of the NE – including the 4 key sectors highlighted within our strategic economic plan: Digital; Advanced manufacturing (including passenger vehicle manufacturing); Health and life sciences; Subsea, offshore and energy technologies
- The NE being the leading exporting region within England, with exports to Europe making an unusually large proportion of this activity. Over 140,000 North East Jobs are dependent on EU trade alone.
- The importance of inward investment to our economy – the NE is one of the leading locations for inward investment outside London.
- The structure of our labour force, and ensuring that the region's future growth and workforce needs are met. Despite wage differentials with London and the SE, the NE needs to retain equal access to skilled migrants.
- Our geographical location, and the risk of competitiveness being eroded if Scotland develops more favourable tax, regulatory, trade or immigration policies.

Proposed NE Key Brexit Messages

The NE is open for business

- The NE remains committed to the ambitious growth targets within our Strategic Economic Plan.
- Our plans include a strong focus on attracting, retaining and supporting inward investment and skilled migrants.
- During the BREXIT negotiations, the economic interests of the NE should be clearly considered; the region must not be disadvantaged through any new immigration or trade arrangements.

We need a strong on-going relationship with the EU

- The NE needs a continued free flow of skilled individuals to allow the region's future growth and workforce needs to be met, while EU nationals currently living in the region must continue to be able to do so.
- Universities and researchers must be able to collaborate productively with EU partners, while there should be no barriers to the recruitment of EU students.
- Exports are a major part of the NE economy and an unusually high proportion (58%) go to Europe; we need to continue to enjoy frictionless, barrier-free, trade in key sectors – including automotive and passenger vehicle manufacturing; pharmaceuticals, energy and oil & gas, and digital services, financial and professional services, higher education and health care.
- The NE has been successful in attracting inward investment over many years; we need to ensure the continued success of existing foreign-owned companies and secure future flows of inward investment.

Post-Brexit, the UK must develop new policies that:

- Provide the long-term public-sector investment needed to deliver the NE's priority of more and better jobs. The UK Shared Prosperity Fund – and other economic development, rural, research and regeneration funds – need to provide resources at least comparable to current levels. This should include replacement of ERDF and ESF funding.
- Support our residents to gain the skills they need to fulfil their potential and meet the needs of our key growth and employment sectors.
- Protect workers' rights, so that they do not fall behind those across the rest of Europe.
- Support our businesses to take advantage of new opportunities and increase international trade with the EU and beyond.
- Provide businesses with effective access to finance and other support that enables them to start up and scale up.
- Protect our unique natural assets whilst enabling our rural and coastal communities to flourish.

DATE: 25 January 2018

ITEM 6: LEP Governance and Transparency

1.0 Introduction

The North East LEP Board is required by the Ministry of Housing, Culture and Local Government (MHCLG) to annually review its Assurance Framework. The Assurance Framework sets out the operational management and decision-making accountabilities that are necessary for the effective control and delivery of Government and other resources received by the North East LEP. This year's review is now due and is being informed by the National 'LEP Governance and Transparency Report' prepared by Mary Ney (October 2017) and follow on 'Governance and Transparency 'best practice guidelines' issued by MHCLG to LEPs on 22 December 2017. This report sets out:

- Feedback from the North East LEPs 'Annual Conversation' with Government held on 29th November 2017.
- The objective and recommendations arising from the national LEP Governance and Transparency Report.
- Specific amendments to the North East LEP Assurance Framework in regard to the latest HMCLG guidance and best practice.
- Short life workstreams led the NECA Monitoring Officer that aim to further clarify and improve operational arrangements.

2.0 Feedback from 'Annual Conversation' between the North East LEP and Government

2.1 The Annual Conversation meeting is the formal process by which the Government and the LEP meet to: discuss the contribution the LEP has made towards driving forward local economic growth; to review LEP governance and assurance processes; to look at progress with delivery on key local growth programmes; and to discuss the LEP's priorities and challenges for the year ahead. The Annual Conversation also acts as a key milestone in the process for confirming the following year's Local Growth Fund (LGF) payments.

This year's conversation was structured in response to three recommendations from the Mary Ney Report. These are:

- The need for a formal annual assurance statement to be prepared by the LEP Chair and Chief Executive, including arrangements for scrutiny. (attached in appendix 1)
- Time to examine LEP performance on governance.

- That the Section 73 officer to provide a report to the Annual Conversation
The meeting was Chaired by the BEIS Area Director Andrew Battarbee and attendees included the LEP Board Chair, Executive Director and NECA S73 officer.

Government officials commented that the North East LEP maintains 'a high standard of accountability and transparency'. There were no issues or concerns identified to be addressed and this is expected to be confirmed formally in writing to NECA when LGF funding for 2018/19 is confirmed in March.

3.0 National review of LEP Governance and Transparency – recommendations

3.1 In October MHCLG circulated the 'Review of LEP Governance and Transparency' Report prepared by Mary Ney, Non-Executive Director. This report had the objective to *'Review whether the current Government systems provide sufficient assurance to the Accounting Officer and Ministers that LEPs fully implement existing requirements for appropriate governance and transparency; to consider whether the current arrangements for LEPs are sufficient; and make recommendations for improvement'*.

The report made a range of recommendations to MHCLG and LEPs. In general, it advocates the development of a more consistent approach to governance across all LEPs. MHCLG have subsequently followed through with the circulation of 'best practice guidelines' on 22nd December 2017 and have also responded by adopting a new approach to the 'annual conversation' meetings with LEPs as highlighted in 2.0 above.

The North East LEP already complies with the latest recommendations in the Mary Ney report and also generally has in place policies and procedures consistent with the subsequent MHCLG best practice guidelines. One area where the best practice guidelines have set out a model approach in much more detail than we currently have in place, is in relation to 'whistle blowing'. It is therefore, proposed to adopt this best practice policy with local customisation and this is set out in appendix 2 for approval.

A model register of Board member interests has been provided that is similar to that which is currently in use by the North East LEP. The model pro forma proposes that the receipt of each member's register of interests is signed off by the Executive Director and S73 officer. Board members will receive the slightly amended form for completion on 1st March for return by 29th March.

4.0 North East LEP Assurance Framework - amendments

4.1 There have been no issues or concerns expressed in relation to the LEPs current and past operations in relation to governance and transparency including during the most recent annual conversation with Government held on 29th November 2017. Also, as reported during 2017, there were no significant adjustments required following the LEP Network's peer review of the North East LEPs policies and procedures.

The most notable amendments this year to the Assurance Framework that is set out in Appendix 3 are:

- Role of the Investment Board – the LEP Board approval during 2017 to delegate project funding decision making of up to £5m is set out with the relevant process diagrams. The LEP web site is being updated to enable Investment Board agenda's, minutes and papers to be published, except those

that are exempt due to confidentiality or commercial sensitivity.

- Whistle blowing policy – adoption of a more detailed policy consistent with recent MHCLG best practice guidelines. (See Appendix 2)
- Adoption of a slightly revised register of interests pro forma with this to be issued to members for completion and return by 29th March 2018.
- An updated complaints policy, to include details on confidential reporting procedures and adding MHCLG contact details should complainants, following the outcome of the local complaints procedure, wish to escalate their complaint to MHCLG.
- Publication of a declaration statement setting out any services received from outside bodies free or at a reduced charge to the North East LEP e.g. offer of a free meeting room.

5.0 Next Steps

- 5.1 The updated policy documents and Assurance Framework will be published on the LEP website.

In line with the National Assurance Framework, the NECA Section 73 Officer must write to DCLG's Accounting Officer by 28 February 2018 to certify that the Local Enterprise Partnership's local assurance framework has been agreed, meets the revised standards set out in the national Local Enterprise Partnership Assurance Framework (November 2016) and that the arrangements have been implemented.

The Assurance Framework is however, a live document and there may be occasions during the year when amendments are required e.g. in light of the updated DCLG National Assurance Framework Guidelines that are expected in March 2018. Any significant proposed changes will be brought to the Board including any changes following the NECA Monitoring Officer planned corporate project workstreams. Subject to the NECA Leadership Board approval, several workstreams will commence and complete over the next 2-4 months and may result in a need to further update the LEP Assurance Framework. These workstreams include:

- To review and refresh service level agreements in relation to services and support provided to the LEP by the constituent Authorities.
- To streamline governance and decision -making including further clarifying and developing the scheme of officer delegation from 'the top to the bottom' including operational and programme management delegations.
- Confirming constitutions of the accountable body and the LEP in the context of other outcomes from other work streams.

- 5.2 Nationally HMCLG, over the next two months, will finalise the LEP assurance framework guidelines and further clarify the role of S151/S73 Finance Officers and the publication of financial information. MHCLG also plan an exercise to check compliance with the latest guidelines in approximately 10 LEP areas. Should the North East LEP be selected, the Board will be advised as this process may include interviews with Board members

6.0 BEIS Observer Representation on LEP Board

To date the LEP Executive has maintained close relationships with the BEIS Local Team, with officials attending as observers on the LEPs Technical Officer Group and

Investment Board (previously Panel) meetings. Around England, BEIS representation on LEP board and sub board operational structures has varied, there is no single model of engagement.

It is proposed to further strengthen our relationship with an invitation for a representative of BEIS to attend the LEP Board as an observer, if they wish to take up the offer. The BEIS Regional Director had planned to attend the LEP Board meeting in March to talk to the issues in this report.

7.0 Recommendations

Board members are asked to:

- 1) Note the actions by Government to improve national governance and transparency guidelines to LEPs that will lead to more consistent policies and standards across all LEPs and the enhanced level of national scrutiny in response to the Mary Ney Report through 'annual conversations'.
- 2) Note the positive informal feedback following the latest North East LEP Annual Conversation with Government and that formal written feedback is expected in February.
- 3) Approve the updated Assurance framework in Appendix 3 noting the key amendments highlighted in paragraph 4 and detailed in Appendix 1.
- 4) Delegate authority to the Executive Director in consultation with the Monitoring Officer and S73 Officer to make any further amendments to the Assurance Framework to ensure continued compliance with the finalised national guidelines when these are published by MHCLG.
- 5) Agree to invite a BEIS representative to attend the LEP Board as an observer.

8.0 Appendices

1. Formal assurance statement on the status of governance and transparency from Executive Director and LEP Board Chair.
2. Revised and more detailed whistle blowing policy (following DCLG best practice guidance)
3. Updated North East LEP Assurance Framework

North East LEP Formal assurance statement on the status of governance and transparency 2018 (to be published in the North East LEP website)

North East LEP Statement

As an organisation that is both funded by and responsible for public funds, robust and transparent governance is essential. We have strong systems in place to ensure that we apply the highest standards of governance, supported by our accountable body, the North East Combined Authority (NECA).

We take seriously the importance of delivering our responsibilities as a Local Enterprise Partnership through compliance with Government best practice guidelines and in accordance with our own operating principles and standards detailed in our [Local Assurance Framework document](#) that sets out how we make decisions and ensure value for money when we invest in projects across the North East LEP area. Importantly, this document also sets out how we communicate and publish information to the public about our affairs such as our annual accounts, with the latest accounts being able to be viewed [here](#) on the our accountable body's website. The NECA S73 Finance Officer has arranged for the external audit of our latest accounts and these have been confirmed as being in good order.

This year, we've launched a newly designed North East LEP website with an improved user journey, meeting national best practice guidelines. We've introduced a section that provides project details of all projects that we invest in. It also features a new section that updates regularly on the six targets set out in the North East Strategic Economic Plan. You can view this section [here](#).

The North East LEP has continued to receive strong support from the NECA and its 7 constituent local authorities. The NECA committees' perform an important democratic role in being able to review our activities and to hold the LEP to public account. The NECA Governance and Overview and Scrutiny Committees receive updates on our activities and can review planned key decisions. These meetings and the NECA North East Leadership Board are public meetings and Board papers can be viewed [here](#)

We also during the year co-located the Monitoring Officer at NECA with the LEP Executive Team. The Monitoring Officer role is to ensure that we have robust and transparent governance arrangements and importantly that we operate legally with clear policies and procedures on such matters as complaints and whistle blowing for instance.

All Board members complete declaration of interest forms and due care is taken to ensure that correct procedures are followed when there is a potential conflict, and this is reflected in the minutes of meetings. Board minutes and the register of Board member interests are published on our website [here](#).

We continue to enjoy strong relationships with business representative groups and hold regular senior level meetings with the North East England Chamber of Commerce, Confederation of British Industry (CBI), Federation of Small Businesses

and Entrepreneurs Forum. This strength of collaboration has been recognised by Government.

In March 2017 we formally launched the refreshed North East Strategic Economic Plan after 12 months of evidence building and extensive consultation. With over 300 stakeholders attending the launch, we were delighted by the support and enthusiasm for the refreshed plan and we have benefited from ongoing support from across the region as we strive to deliver the objectives of the plan, in partnership, to create 100,000 more and better jobs for the region.

Helen Golightly, Executive Director, North East LEP

Andrew Hodgson, Chair North East LEP Board

North East LEP Policy on whistleblowing and raising a concern

This policy statement sets out how members of the public, Board members, contractors and employees can act as 'Disclosers' by raising a concern in relation to the affairs of the North East LEP.

The North East LEP acknowledges that Disclosers may often be the first people to realise that there may be something seriously wrong within the organisation.

This policy aims to:

- Encourage people to feel confident about raising serious concerns and to question and act upon their concerns without fear of victimisation or harassment;
- Provide avenues for Disclosers to raise those concerns and receive feedback on any action taken;
- Allow Disclosers to take the matter further if they are dissatisfied with the North East LEP's response; and
- Reassure all Disclosers, employees in particular who may have specific concerns about their position and employment status in the LEP, that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in the public interest.

What is a relevant concern?

If a Discloser is asked to do something, or is aware of the actions of another, which they consider to be wrongdoing, they can raise it using this procedure. The Discloser must have a reasonable belief that raising the concern is in the public interest.

A Discloser may decide to raise a concern under the whistleblowing policy if they are aware of a situation that they feel:

- is against the North East LEP's procedures and protocols as set out in its code of conduct and North East LEP Assurance Framework;
- falls below established standards of practice the LEP subscribes to;
- amounts to improper conduct; or
- is an abuse of power for personal gain.

The types of matters regarded as a relevant concern for the purpose of this procedure include, but are not limited to, the following:

- Fraud or financial irregularity
- Corruption, bribery or blackmail
- Other Criminal offences
- Failure to comply with a legal or regulatory duty or obligation
- Miscarriage of justice
- Endangering the health or safety of any individual
- Endangering the environment

- Improper use of authority
- Concealment of any of the above.

Disclosers should not raise malicious or vexatious concerns, nor should they raise knowingly untrue concerns. In addition, this procedure should not be used to raise concerns of a HR/personal nature, for example, complaints relating to a management decision or terms and conditions of employment. These matters should be dealt with using the relevant alternative procedure, for example, the employee grievance procedure. Equally, this policy would not apply to matters of individual conscience where there is no suggestion of wrongdoing by the North East LEP but, for example, an employee or LEP Board Member is required to act in a way which conflicts with a deeply held personal belief.

Safeguards

The Public Interest Disclosure Act (1999) gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. The North East LEP believes that no member of staff should be at a disadvantage because they raise a legitimate concern.

The North East LEP will not tolerate harassment or victimisation and will take action to protect Disclosers when they raise a concern in the public interest.

Raising a concern

If a Discloser experiences something in the workplace which they consider a relevant concern, it is important that the concern is raised as early as possible. Proof is not required at this point – it is for the North East LEP to investigate. The Discloser must, however, have a reasonable belief that disclosing the information is in the public interest before raising a concern.

All concerns will be treated in confidence and every effort will be made to protect the Discloser's identity if they wish to remain anonymous. However, at the appropriate time, it is possible that the Discloser will need to come forward as a witness for the matter to progress.

It is important to follow the correct procedure when raising a whistleblowing concern. The following steps should be adhered to:

- a. It is important that the concern is raised with the person best placed to deal with the matter, in most cases this will be the Responsible Officer. However, the Discloser may want to raise the concern with someone they know and trust, such as their line manager who can raise it with the Responsible Officer on their behalf.
- b. If it is suspected that the concern may implicate the line manager in some way, then it could be raised with a more senior manager in the line management chain.
- c. If the Discloser is unable to raise a relevant concern with a line manager or a senior manager or feel that it has not been adequately addressed, it should be raised directly with the Responsible Officer.
- d. Ultimately, the Discloser can raise their concern with the North East LEP Executive Director.

Information needed to raise a concern

When raising a concern under the procedure the Discloser should try to provide the following information:

- the background and reason behind the concern
- whether they have already raised a concern with anyone and the response
- any relevant dates when actions related to the concern took place.

This information should demonstrate that there are reasonable grounds for the concern to be acted upon. It is important that matters are not investigated by the Discloser themselves.

If applicable, personal interests must be declared from the outset.

How the concern will be handled

All investigations will be conducted sensitively and as quickly as possible. While the North East LEP cannot guarantee that the outcome will be as the Discloser may wish, it will handle the matter fairly and in accordance with this procedure.

Once a concern has been raised with either the line manager or Responsible Officer, Senior Manager or Executive Director, a meeting may be arranged with them to determine how the concern should be taken forward.

The North East LEP may decide to take the matter forward by a number of methods, including:

- An internal inquiry or other formal investigation
- An internal or external audit
- Referring the matter to the police
- Referring the matter to another relevant authority for investigation.

Before a final decision is taken on how to proceed, or as part of the investigation, the Discloser may be asked to meet with those investigating their allegation.

If a meeting is arranged, the Discloser may wish to be accompanied by a trade union representative, colleague or friend. The person who accompanies the Discloser should not be involved or have a direct interest in the area of work to which the concern relates. The meeting can be conducted over the telephone rather than face to face.

Within 10 working days of a concern being raised, the North East LEP's Responsible Officer will write to the Discloser to:

- Acknowledge that the concern has been received
- Indicate how they propose to deal with the matter
- Give an estimate of how long it will take to provide a final response
- Tell the Discloser whether any initial investigation or enquiry has been made.
- Tell the Discloser whether further investigation will be made, and if not, why not.
- Tell the Discloser how frequently the North East LEP will keep them up to date on progress of the investigation.

The amount of contact between the North East LEP and the Discloser concerned will vary, depending on the concern raised, any difficult issues and any further clarity required. If necessary, the North East LEP will seek further information from the Discloser.

The LEP will confirm when the matter is concluded and, if appropriate, the outcome of the investigation, maintaining security and confidentiality for all parties as far as possible.

Throughout any investigation, the Discloser will still be expected to continue their duties/role as normal unless deemed inappropriate.

Confidentiality and anonymity

The best way to raise a concern is to do so openly, as this makes it easier for the North East LEP to investigate and provide feedback.

Any disclosures made under this procedure will be treated in a sensitive manner. However, the North East LEP recognises that the Discloser may want to raise a concern in confidence, i.e. they may want to raise a concern on the basis that their name is not revealed without their consent.

The North East LEP will respect any request for confidentiality as far as possible, restricting it to a 'need to know' basis. However, if the situation arises where it is not possible to resolve the concern without revealing the Discloser (for example in matters of criminal law), the North East LEP will advise them before proceeding. The same considerations of confidentiality should be afforded to the recipient(s) at the centre of the concern, as far as appropriate.

The North East LEP always encourages potential Disclosers to speak up about potential serious wrongdoing in a way that they feel comfortable. Disclosers may choose to raise concerns anonymously, i.e. without providing their name at all. If this is the case, the investigation itself may serve to reveal the source of information. Disclosers are therefore encouraged, where possible to put their names to concerns raised. When anonymous concerns are raised, they will be treated as credible and investigated so far as possible.

Protection

If a concern is raised in the reasonable belief that it is in the public interest and procedures have been followed correctly, the Discloser raising the concern will be protected by the terms of this policy and, where applicable, by whistleblowing legislation (see gov.uk for more information on who is covered by whistleblowing legislation). Where a Discloser has been victimised for raising a concern, the North East LEP concerned will take appropriate action against those responsible, in line with the North East LEP's disciplinary policy and procedures.

Changes to procedures or policy as a result of whistleblowing

If changes are made to North East LEP policies and processes as result of whistleblowing investigations, the North East LEP will publicise the changes as appropriate, taking into consideration the importance of protecting the anonymity and confidentiality of individuals.

Untrue allegations

If a Discloser makes an allegation but it is not confirmed by the investigation, no action will be taken against them. However, if a malicious or vexatious allegation is made without good reason to: cause trouble; for personal gain; or to discredit the North East LEP an investigation may take place. Where the Discloser is an employee or a North East LEP Board Member or a contractor this may result in disciplinary or other action if they have broken the terms of their employment, acted against the LEP Code of Conduct or broken a clause in a contract.

How this matter can be taken forwards if you are not satisfied

This procedure is intended to provide Disclosers with an avenue to raise legitimate concerns. If you are either unable to raise the matter with the North East LEP or you are dissatisfied with the action taken you can report it directly to the Cities and Local Growth Unit in the Ministry of Housing, Communities and Local Government and the Department of Business Energy and Industrial Strategy, at the following email address: LEPPolicy@communities.gsi.gov.uk or by writing to: LEP Policy Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF. You should clearly mark your email or letter as "Official - whistleblowing".

In addition, if you are either unable to raise the matter with the North East LEP or if you are dissatisfied with the action taken you may consider raising it with:

- The police
- The relevant regulatory body or professional body
- Your Trade Union
- Your solicitor
- Your Citizens Advice Bureau

Further information and signposting for potential Disclosers is available on www.gov.uk.

If a Discloser does take the matter outside the LEP, to an external body, they should ensure they do not disclose information that is confidential, for example, if you are an employee your contract of employment may set out expectations of your regarding what is confidential.

Feedback on North East LEP Whistleblowing Policy

Any feedback or comments on this policy should be directed to the North East LEPs accountable body – the North East Combined Authority by writing to:

Monitoring Officer,
North East Combined Authority
Quadrant
Cobalt Business Park
The Silverlink North
North Tyneside
NE27 0BY.



North East Local Enterprise Partnership Assurance Framework

Draft Update January 2018

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1. Preamble

The North East Local Enterprise Partnership (North East LEP) supported by its Accountable Body, the North East Combined Authority (NECA), coordinates and manages significant public resources provided from Central Government and generated through local investment activities. These resources are channelled through a number of investment programmes that support the delivery of the North East Strategic Economic Plan (SEP), helping to create the right conditions to attract private sector investment and create jobs.

HM Government requires all Local Enterprise Partnerships (LEPs) to prepare an assurance framework that explains how their funding will be spent with regularity, propriety and deliver value for money. This Assurance Framework has been updated to reflect the current guidelines to LEPs and is kept under annual review. All North East LEP decisions are held to account locally through the NECA which operates under the Local Government Financial Framework, as set out in Ministry of Housing, Communities and Local Government's (MHCLG's) Local Government System Statement.

A number of amendments to this Assurance Framework were highlighted at the North East LEP Board meeting on 24th January 2018 as necessary in the context of the latest Government LEP governance and transparency best practice guidance. In conjunction with this updated Assurance framework document, the North East LEP website has been further updated to allow links from this document to more specific and detailed supporting strategic and operational policies.

I confirm that the North East LEP Assurance Framework has been reviewed and all financial resources are being managed in accordance with this framework and the guidelines set out by the Department of Communities and Local Government 'Local Enterprise Partnerships: National Assurance Framework' November 2016.

Paul Woods
Section 73 Officer
North East Combined Authority (Accountable Body for the North East LEP)

Date:

1. Introduction

1.1 Purpose and scope of the Assurance Framework

This Assurance Framework sets out the operational management structures and decision-making accountabilities that are necessary for the effective control and delivery of all funding received by the North East LEP from Central Government and other sources. It sets out how we engage stakeholders, make transparent and fair decisions, secure value for money and communicate project funding decisions taken by the North East LEP Board and how we subsequently monitor and evaluate the impact of our investment decisions.

The North East LEP has an approved budget of £m in 2017/18 of which £m is revenue. The vast majority of this budget, over %, is distributed through loans, grants and contracts for services to other public and private sector organisations who deliver activities in support of the North East Strategic Economic Plan(SEP).

Our directly managed funding programmes (or ‘schemes’) include some revenue budgets but are overwhelmingly capital in nature. They are distributed in the form of both grant and loans and funding programmes currently range in scale from £250,000 to £270m. We have set out in this assurance framework the operational management arrangements for each funding programme that the North East LEP is currently directly responsible for managing and highlight the relationship and support that we receive from our Accountable Body, the North East Combined Authority

Funding programmes currently directly managed are:

- Strategic Growth and Infrastructure Fund (funded by Growth Deal Local Growth Funding)
- North East Investment Fund (funded by Growing Places Funds and Regional Growth Funds)
- Enterprise Zone infrastructure investments (mainly funded by borrowing against future rates income projections)

We have an important role, working with local authority partners, in preparing project calls for European funding, in line with local priorities and in providing guidance to prospective applicants. We work closely with national Government departments who actually make the funding decisions and control the budgets i.e. DCLG for European Regional Development Fund (ERDF), DWP for European Social Fund (ESF) and DEFRA for the European Agricultural Fund for Rural Development (EAFRD).

We are also currently supporting the delivery of a ‘Schools and College Innovation and Activity Fund’ - funded through the Gatsby Foundation for National Pilot Schools and Colleges. In 2018 we plan to build on this pilot by bidding for European Social Funds via our accountable body.

1.2 Financial Accounts

Annual accounts and budgets for the North East LEP are audited and reported to the NECA. The latest accounts can be viewed [HERE](#).

Progress on Government funded schemes is reported to the North East LEP Board on a regular basis and as required, performance monitoring information is also submitted to Government on a regular basis.

1.3 About the North East Local Enterprise Partnership

Established in 2011, we are one of 38 LEPs in England approved by the Government to play a central role in determining local economic priorities and to undertake activities to drive economic growth and support the creation of local jobs. We are a local business led partnership that brings together 7 local authorities, businesses and further and higher education sectors. The North East LEP area covers the local authority areas of Newcastle upon Tyne, North Tyneside, South Tyneside, Gateshead, Sunderland, Northumberland and Durham. The North East LEP operates with a Board and a constitution but it is not a legal entity. Therefore, we rely on the NECA to perform an Accountable Body function on our behalf including the administration of budgets. This relationship is set out in an 'Accountable Body Agreement' that can be viewed [HERE](#).

1.4 About the North East Combined Authority (NECA)

The NECA was formed under the Local Democracy, Economic Development and Construction Act 2009, which has been substantially amended by the Cities and Local Government Devolution Act 2016 that can be viewed [HERE](#). Established in April 2014 the NECA brings together the seven local authorities which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. Further information on our Accountable Body can be found [HERE](#).

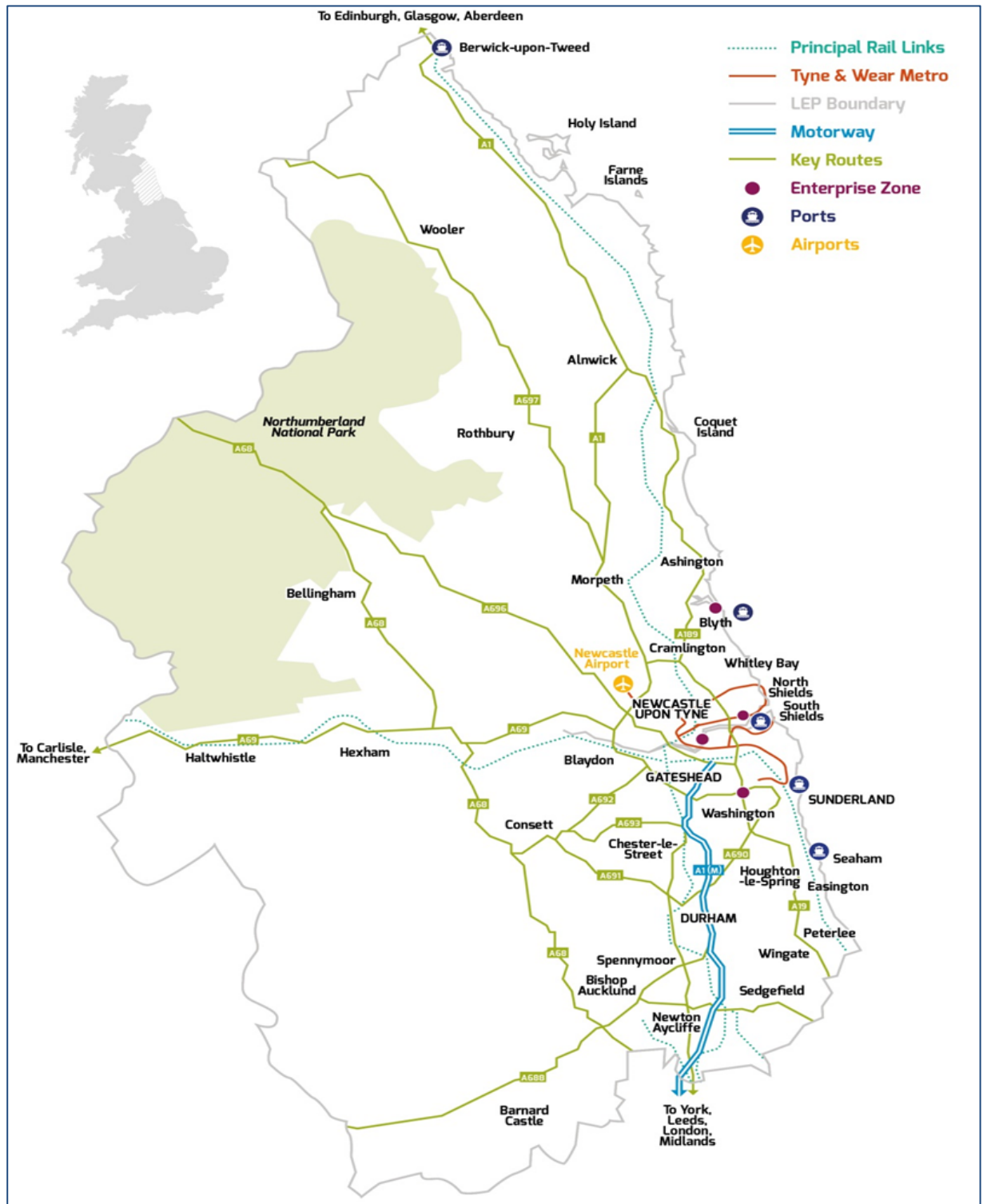
2. Strategic Context

The North East LEP operates over a diverse economic geography, characterised by remote and sparsely populated uplands including the Northumberland National Park and North Pennines Area of Outstanding Natural Beauty and a bustling urban heart centred around the Tyne and Wear conurbation, flanked to the south by the historic Durham City and also 'new towns' and market towns.

The North East has a population of 1.957m and contributes circa £37bn to the UK economy every year - 2.6% of the national total. Since the 2008 recession the North East has showed signs of sustained recovery and now has more people than ever in employment. Our investment plans will build on this improved context and continue to overcome market failures and to support the realisation of new economic opportunities across all parts of the North East.



Figure 1: North East LEP area



2.1 North East Strategic Economic Plan (SEP)

All North East LEP funding programmes are designed to support our ambitions set out in the North East 10 year 'Strategic Economic Plan: More and Better Jobs', which drew on the evidence in the North East Independent Economic Review led by Lord Adonis in 2013. The cornerstone of the SEP is the ambition to create over 100,000 new private sector jobs creating a better balanced and sustainable economy. Following stakeholder workshops and consultations a refresh of the SEP and was published in March 2017. You can read the full SEP report [HERE](#).

We are committed to directing and influencing local, national and European resources, towards the five key priority areas in the North East Strategic Economic Plan:

- Driving innovation and improving business support
- Working with schools, colleges and universities to improve outcomes in education
- Tackling skills and economic inclusion
- Building economic assets and infrastructure
- Enhancing transport and digital connectivity

To measure progress a number of high level performance indicators are being tracked over time, relative to the national economy, these are;

- Gross Value Added (GVA) per full time equivalent job.
- Employment rate.
- Private Sector employment density.
- Economic Activity rate.

During 2016 we updated the evidence base as part of a SEP refresh exercise. Our on-going investment decisions will be informed by the latest available market evidence and policy context. The SEP objectives are being delivered through 6 operational themes – Transport & Connectivity, Business Support & Access to Finance, Innovation, Skills, Employability & Inclusion and Economic Assets & Infrastructure. In association with these themes we have created a number of Sub-Boards and Steering Groups to challenge, develop and monitor progress. The roles, membership and responsibilities of these Boards can be viewed [HERE](#).

2.2 European Structural and Investment Fund Strategy

European Structural and Investment Funds are managed nationally by Central Government Departments. The current European Programmes cover the period 2014-2020 and from the national budget the North East has an allocation of £437m. The North East LEP has a responsibility to produce locally, with our partners, a European Structural and Investment Fund Strategy (ESIFS) which can be viewed [HERE](#). The North East ESIFS sets out local priorities, consistent with the North

East SEP and provides strategic direction to calls for projects and funding allocations under three European programmes. These are the European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development. The North East ESIFS will continue to inform investment decisions on all three programmes until the UK exits the European Union.

2.3 North East Strategic Transport Plan for the North East

The Transport Manifesto for the North East (Dec 2016) sets out a 20 year vision that will guide the first Strategic Transport Plan for the North East and is expected to be adopted by the NECA by late 2017. The Strategic Transport Plan will identify

- A set of well-designed transport projects which deliver economic growth in a way that promotes sustainability and travel choice;
- An ambitious programme of new projects which have clear objectives and demonstrable value for money which again will promote sustainable economic growth.

Responsibility for the development of the Strategic Transport Plan rests with Regional Transport Team based within NECA. This plan will help inform future LEP funding decisions.

3. Overview of North East LEP Funding Programmes

3.1 Summary of Current and planned funding schemes

The following table summarises the main funding schemes either directly managed by the North East LEP or where we have considerable influence over the allocation of funds that are managed by other bodies. This list will be updated annually.

Funding	North East LEP Role	Brief Description
<u>Local Growth Fund</u> a) Strategic Growth and Infrastructure Fund (SGIF)	Direct project funder	Project capital grant funding scheme using local growth fund resources to support major investments in innovation, transport, skills and economic infrastructure
<u>Local Growth Fund</u> b) North East Growth Hub	Direct project funder	The North East Growth Hub is part of a national growth hub network providing local business with easy access to a range of local business support services. We use revenue funding to procure services to support the Growth Hub digital platform and to deliver associated business support services.
NE Investment Fund (NEIF)	Direct project funder	Loan funding supporting private sector commercial property or business development projects.
	Provision of funds into an external fund scheme manager	North East Property Fund – pilot launched in June 2017 in partnership with Santander and FW Capital. Focussed on smaller scale, mainly residential market projects.
	Provision of funds into an external fund scheme manager	JEREMIE Fund Extension - comprises a suite of seven investment funds, providing debt and equity finance to SMEs based in the North East of England.
School / College Innovation Activity Fund	Scheme promoter and involved in funding decisions through Steering	Revenue funding, provided by Gatsby Foundation, for National Pilot Schools and Colleges to develop innovative approaches to improving the quality of career guidance.

	Group representation	
European Structural Investment Funds (ESIF)	Promotion and local strategic guidance to scheme management authorities.	Design and local promotion of project calls and assessment of strategic fit of projects in relation to the North East SEP priorities. Work closely with national funding awarding bodies DCLG (ERDF), DWP (ESF) and DEFRA (EAFRD)
North East Fund	Facilitator, enabling scheme development.	Establishment of an operational management company to oversee the appointment and subsequent performance management of five sub fund managers.

3.2 Strategic Growth and Infrastructure Fund (SGIF)

A total of £270m of new capital funding via Growth Deals with Central Government have been awarded to the North East LEP from Local Growth Fund Rounds 1, 2 and 3. To date, this resource is assisting 50 infrastructure projects / mini programmes that support the delivery of the Strategic Economic Plan. A dedicated Growth Deal section is maintained on the North East LEP website. This page is used to promote ‘calls for projects’, confirm grant awards, publish progress on approved projects and provide case studies and can be viewed [HERE](#)

The SGIF brings forward and supports projects through a combination of approaches. The three approaches are:

- ‘Closed calls’ - time limited calls for project expressions of interest - open to private, public and voluntary sectors.
- Restricted calls - normally restricted to local authorities and other public bodies involved with public transport and other non- commercial strategic public infrastructure provision.
- Commissioning - either through a grant award or procurement process - open to private, public and voluntary sectors – used in circumstances where the North East LEP may have a requirement for proposals to come forward to meet a specific need or economic opportunity.

A combination of the above approaches will be used over the lifespan of the LGF Programme 2015-2021. In 2016 for instance we held one closed project call that resulted in over 50 project expressions of interest and 12 projects being shortlisted. We also conducted a restricted call, at short notice, with local authority partners to inform a package bid under LGF Round 3 in October that replaced an earlier programme bid in July to Government that was no longer able to proceed due to plans for a North East Devolution Deal not proceeding.

3.3 North East Growth Hub

Over the financial year 2017/18 we will commit revenue funding of £500,000 p.a. to further develop and manage the North East Business Growth hub digital platform and associated business support services. This budget is overseen by the LEP Business Growth Director and performance monitoring reports are taken to the North East LEPs Business Growth Advisory Board. All services procured are advertised in accordance with the Accountable Body procurement policies with successful tenderers selected by the North East LEP Board and awarded by the Accountable Body.

3.4 North East Investment Fund (NEIF)

This operates as a recycling loan fund and comprises of resources originally provided under the Government Growing Places Fund and Regional Growth Fund, with a total initial loan fund of £55m. Private, public and voluntary sector organisations can apply. The fund objectives, application forms and selection criteria can be found [HERE](#)

This Fund is accessible on an ‘open call basis’. This means that applications are welcomed from eligible projects at any time. Applications are not considered competitively against other projects but on their merits against the NEIFs selection criteria. Applications are appraised prior to being taken to the North East LEP Investment Panel. The Investment Panel’s recommendations are then reported to a North East LEP Board meeting for determination. We provide case studies of previously funded projects and a list of organisations receiving loans can be viewed on our website [HERE](#)

The **North East Property Fund** pilot is being managed under contract from the North East LEP by FW Capital. The objective of this 5 year pilot fund is to unlock smaller scale housing and commercial development schemes that typically find it difficult to secure bank loans. The £10m fund includes £5.7m from the NEIF. Performance updates are reported to the Investment Board.

In 2016 the North East LEP Board agreed to provide £4.5m from NEIF to enable the extension of the **North East JEREMIE Fund** into 2016. The JEREMIE Fund comprises a suite of seven investment funds, providing debt and equity finance to SMEs based in the North East of England. Managed by North East Access to Finance Ltd the scheme extension has bridged a gap over the period 31st January 2016 to 31st December 2016 with repayments to the NEIF expected within 5 years. The North East LEP has observer status on the Board and receives detailed quarterly reporting documentation covering:

- Progress towards investing funds
- Statement of ring fenced bank accounts
- List of investments made
- Returns generated
- Status of Legacy account

- Defaults and bad debts
- Outputs generated

3.5 Enterprise Zones (EZs)

The North East LEP has been successful in securing from Government Enterprise Zones through two bidding rounds.

In the first wave of EZs 115 hectares of land were designated on ten sites clustered in 3 localities with a strong focus on attracting investment from offshore, renewables and low carbon automotive sectors. Many of these sites are brownfield with abnormal development costs requiring significant advance investment in remediation, on and offsite highway and utility infrastructure with an estimated investment requirement of £65m. The localities are:

- Three sites adjacent to the A19 at Sunderland
- Three sites on the North Bank of the Tyne
- Four sites near the Port of Blyth

In November 2015, a second wave of EZ's were announced for the North East covering an additional 175 hectares across a further ten sites, in both urban and rural areas.

The second wave of EZ sites were launched in April 2017, with the exception of the International Advanced Manufacturing Park in Washington that will launch in April 2018. An implementation plan is to be updated in Spring 2018. This will update the current total infrastructure budget estimate requirement of £m. Further information on all EZ sites can be viewed [HERE](#)

Under EZ regulations the North East LEP is entitled to retain all income from additional business rates generated over a period of 25 years. To improve the competitiveness and to accelerate the pace of development and receipt of EZ rates income, NECA and the North East LEP are supporting advanced enabling infrastructure works, funded in the short-term by borrowing and repaid by future business rates income. To ensure this approach is financially sustainable, investment using the Enterprise Zone mechanism is based on a robust, externally-verified model. Each site was selected in line with SEP priorities and subject to an external, independent evaluation of the cost and income assumptions. This ensures that each site proposal met market need and represented a financially sustainable investment.

A Business Growth and Investment Strategy is used to guide Round 1 EZ investment plans. For Round 2 sites, following initial application, each site has developed a high-level investment plan. A final revised proposition will be taken through a further external validation and verification before investment decisions are taken. This provides a sound understanding and investment envelope for each site to inform subsequent investment recommendations to the North East LEP Board by the Investment Panel. The overall financial model will be updated on an annual basis in line with actual performance to consider if any modifications are required or impacts on investment decisions.

An overarching Implementation Plan has been developed prior to the launch of the Round 2 sites setting out key activities, milestones and risks and performance management arrangements. The Implementation Plan will be submitted to Government following endorsement by the Investment Panel. This is supported by the national Memorandum of Understanding on delivery of Enterprise Zone sites and underpinned by a local agreement between the seven local authorities, the North East LEP and North East Combined Authority setting out the practical issues of delivery and providing long-term certainty over delivery. This includes approaches to borrowing which seek to minimise the costs of borrowing using low cost options through the local authorities and North East Combined Authority.

Individual applications for Enterprise Zone investment are assessed through a standardised approach as described under the NEIF; using corporate business case forms and guidance on an open basis. In addition to the internal strategic assessment to confirm that the application contributes to the delivery of the Enterprise Zone site and fit with the strategic ambition for the location, the process includes a further external assessment through due diligence processes to consider financial and legal elements and ensure value for money.

This evaluation including expert, external support informs the recommendations made by the Investment Panel to the North East LEP Board for approval and confirmation by the Accountable Body.

It is intended that EZ loans are repaid back to the NEIF as soon as practically possible so that this resource can be recycled through the NEIF for other loans.

3.6 Schools and College Innovation and Activity Fund

Funded by the Gatsby Foundation, the North East LEP has an allocated £250,000 budget under the 'Innovation and Activity Fund for National Pilot Schools / Colleges' to introduce innovative approaches to achieving 'career benchmarks' in the North East. The fund is designed to support schools / colleges to create sustainable methods of creating new partnerships, extending existing networks and developing /enhancing careers guidance systems, structures and opportunities.

The Pilot Programme Steering Group comprises Professor Sir John Holman (Chair), with representatives from the Gatsby Foundation, Schools North East and the North East LEP. It is responsible for determining funding awards against published criteria. Applications are invited and appraised by the North East LEP and are open to Pilot Schools and Colleges who may apply for funding as many times as they wish during each funding round. A list of schools benefiting from awards can be requested from the Gatsby Foundation. Grant awards can be made for any amount and currently vary between £12,000 and £40,000

3.7 The North East Fund

There is a new £120m business support fund that the North East LEP has helped establish in conjunction with local partners in December 2017. The fund comprises of legacy money generated from historical business funds which have operated in the North East LEP area since

2003 together with European Regional Development Fund and European Investment Bank(EIB) finance. North East (SPV) Ltd, a wholly owned subsidiary of the 7 constituent authorities of the North East LEP, has been established as a new holding fund management company and will commence in April 2017. The North East (SPV) Ltd has procured the appointment of five fund managers.

The Around £120m budget is allocated between five individual FCA authorised fund managers. The new Fund will build on the successful North East 'JEREMIE' programme that has invested almost **£160m** over the past seven years. The North East Fund will manage a suite of venture capital and loan funds to support small and medium sized enterprises in the North East LEP area in the 2017-2023 period.

Having been instrumental in setting up the North East Fund, the North East LEP Board will receive performance monitoring reports and will help promote business access through the North East Growth Hub.

4. Governance of Resources – Accountable and Transparent Decision-making

4.1 North East LEP Board

The North East LEP is a business led partnerships with an 18 strong Board that includes the Leaders and elected Mayor of the constituent local authorities, Higher Education and Further Education representatives and 9 local business leaders that are selected through an open recruitment process. In accordance with the latest Government LEP requirements, the North East LEP appointed Ammar Mirza CBE in 2016 as a new Board member with a brief to represent the interests of small medium sized businesses. A profile of each of our current Board members can be viewed [HERE](#).

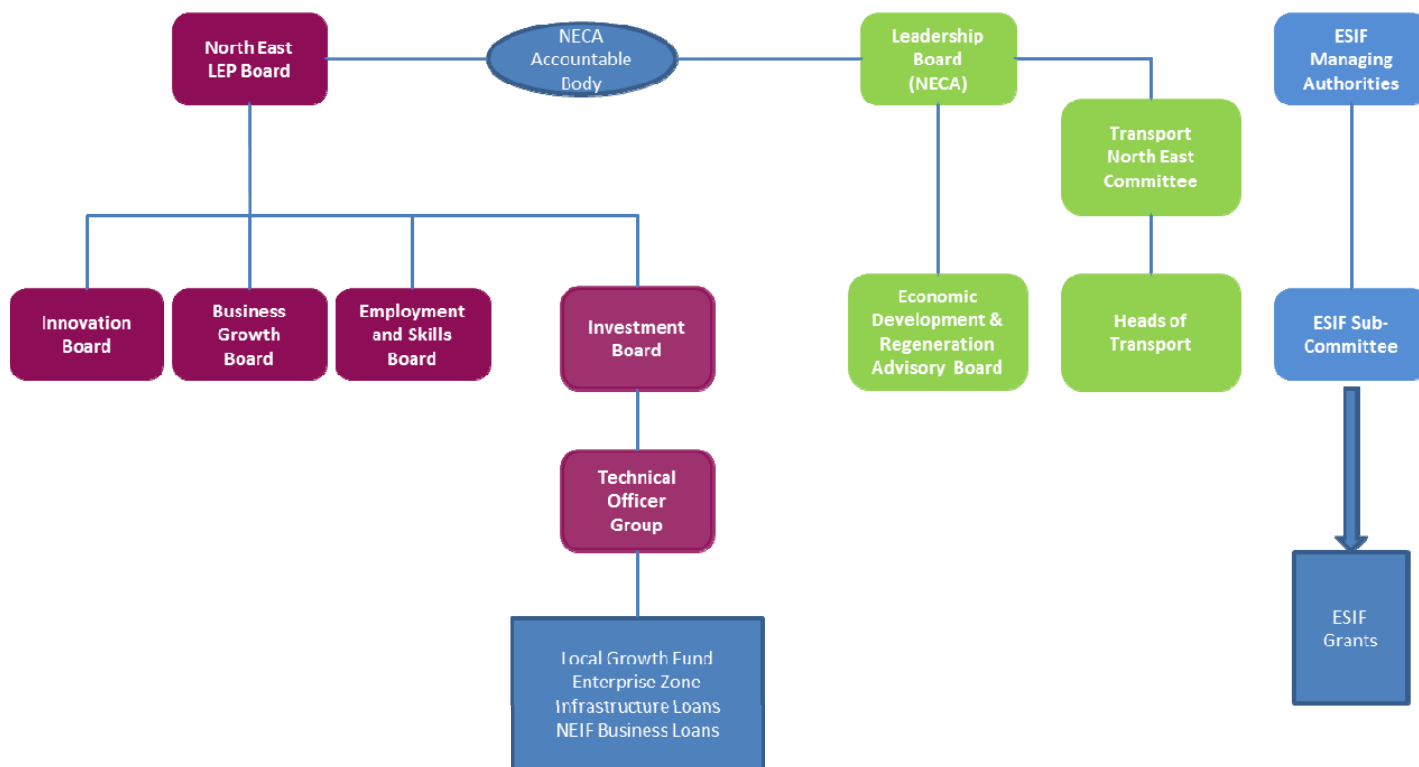
The North East LEP Board meets bi-monthly and is chaired by a private sector Board member with two Vice Chairs (one Private sector and one local authority). The Board constitution can be viewed [HERE](#).

The North East LEP Board is supported by 5 Advisory Boards that are aligned to the priorities defined in the SEP. Two of these Boards have a particularly important role to play in supporting the North East LEP Board in the management of capital investment Programmes. They are:

- Investment Panel – oversees project proposals within the North East Investment Fund (NEIF) and oversees and advises on investment of EZ business rate income.
- Growth Deal Technical Steering Group (TSG) - oversees the delivery of the Growth Deal Local Growth Fund capital programme.

Terms of reference for these and other Advisory Boards can be found on the governance page of our website [HERE](#).

Figure 2: North East LEP Organisational Structure.



4.1.1 Investment Board

The Investment Board was formed in late 2017 following an operational review approved by the LEP Board. It replaces the former Investment Panel. The new Investment Board has been granted limited delegated authority to consider and approve project funding applications of up to £5m. The terms of reference for the Investment Board are set out [here \(to add link\)](#). It is Chaired by a North East LEP Board member and includes non-voting specialist advisors, recruited through open advert, with extensive experience of investment in both commercial property development and business expansion schemes. The Board meets on a regular basis to consider project requests for loan and grant finance. For projects requesting over £5m it makes investment recommendations to the North East LEP Board.

4.1.2 Growth Deal Technical Officer Group (TOG)

The TOG core function is to plan the delivery and monitor progress and appraise project business case proposals for NEIF, Enterprise Zone, Local Growth Fund programmes ahead of projects progressing to Investment Board/ main LEP Board for determination. The Group is chaired by the North East LEP Executive Director and has representation from the NECA Executive Team including Monitoring Officer and Section 73 Officer. The Local Authority ‘Economic Directors Group’ is represented and a representative from the Department for Business Energy and Industrial

Strategy (BEIS) attends as an observer. The Group is involved in establishing operational guidelines, preparing project calls, assessing project expressions of interest, making funding recommendations to the Board and monitoring progress of funded projects. Full terms of reference for the TSG can be viewed [HERE](#) (add revised terms)

Operational management relationships between the North East LEP and NECA are set out in the diagram below.

Figure 3: Strategic Growth and Investment Fund Organisational Management



4.2 The North East Combined Authority (NECA)

The NECA was established by Order on 15 April 2014 as the Combined Authority for the North East covering County Durham, Tyne and Wear and Northumberland. It provides Accountable Body functions for the North East LEP in addition to its core functions and responsibilities:

- exercising statutory functions relating to transport in the Combined Area
- ensuring the effectiveness and efficiency of transport in the Combined Area
- in exercising statutory functions and general powers relating to economic development and growth in the Combined Area; and
- improving economic conditions in the Combined Area.

All decisions made by the NECA Leadership Board, including delegated decisions, taken as the North East LEP's Accountable Body, are published in accordance with the requirements of the Local Government Act 1972 and the Openness of Local Government Bodies Regulations 2014. The committee arrangements for NECA can be found [HERE](#).

4.3 Scrutiny and independent Audit

The NECA Overview and Scrutiny Committee fulfils an independent scrutiny function. It has 14 representatives, two from each of the NECA constituent authorities and is the body that undertakes scrutiny of the NECA/North East LEP decisions and programmes. The Overview and Scrutiny Committee may 'call-in' decisions including those taken in relation to those matters and funding decisions where NECA is acting as the Accountable Body.

The NECA Governance Committee fulfils the Audit Committee and Standards Committee functions for NECA. It has representatives from each of the NECA constituent authorities and an independent chair and vice chair. The Governance Committee is a key component of the NECA corporate governance arrangements and is an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, reporting on financial and other performance and for the promotion and maintenance of high standards of conduct by elected and co-opted members.

The Governance Committee approves and monitors performance against NECA's Internal Audit plan. Internal Audit is required to provide an objective audit service in line with the Public Sector Internal Audit Standard and other professional auditing standards. Internal Audit reports will be published. The most recent report, examining North East LEP governance controls and processes for grants and loans, can be viewed [HERE](#).

The annual accounts of the NECA are subject to external audit by appointed auditors. Since 2016/17, Mazars have been appointed to this role by Public Sector Audit Appointments. The finances of the North East LEP are audited as part of the overall audit of NECA's financial statements, which include all North East LEP income and expenditure. In 2014/15, the first year of NECA taking on the Accountable Body for NELEP, Deloitte as appointed external auditors underwent a full audit of all North East LEP income and expenditure including that relating to the period before NECA took on the Accountable Body role, and raised no concerns or significant control recommendations. Consultation on NECA, including the North East LEP, planned budgets is undertaken in the 3 months prior to the new financial year.

The latest NECA accounts can be viewed [HERE](#)

4.4 Transparency of decisions

Reports for approval and minutes of decisions taken by the North East LEP Board and NECA Leadership Board are published on their respective websites. Where decisions are taken through delegated or urgent decision-making procedures (normally to the North East Chair / Vice Chairs

and the NECA Head of Paid Service), these are appropriately reported to the next North East LEP Board or NECA Leadership Board (NELB). Board papers can be found on the following links:

North East LEP Board [HERE](#)

NECA Leadership Board [HERE](#)

If reports are deemed to be confidential at the time of the Board meeting, papers will not be publicly available, however, once funding is awarded, the recipient, project and amount of funding awarded will be shown on the North East LEP website.

4.4.1 Freedom of Information

Both the NECA and North East LEP publish and make available information relating to their decisions and operational policies and programmes on their respective websites and additionally welcome enquiries from member of the public for to release any further information that is in the public interest.

Where members of the public choose to seek information more formally under the Freedom of Information (FOI) Act 2009 they are able to do so by contacting NECA. Where appropriate, in the first instance, members of the public may be directed to the policy of the North East LEP that can be viewed [HERE](#)

4.4.2 Conflicts of interest

All members of NECA Leadership Board and the North East LEP Board are required to adhere to codes of conduct as set out in their respective constitutions. These codes are consistent with ‘Nolan’s Principles of Public Life’ that state that members will act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership at all times.

4.4.3 Register of Interests

Where members have personal interests these are required to be declared and registered as set out in the NECA constitution – Part 6 [HERE](#) or the North East LEP Constitution [HERE](#). The register of North East LEP Board members interests are updated annually and can be viewed [HERE](#).

4.4.4 Conflict resolution

Every effort will be made by the NECA Leadership Board and North East LEP Board Chairs and Chief Officer to informally resolve conflicts without recourse to the provisions set out in the North East LEP and Accountable Body Agreement. As a last resort the procedure set out in section 23 of the Accountable Body Agreement will be pursued.

4.5 Raising a concern

The North East LEP and NECA are committed to continuous improvement, the best use of public money and the absolute highest standards of probity. We know that things can always be done better and that sometimes, even with good intentions, sometimes mistakes do happen.

We welcome questions and concerns raised by anyone – staff, suppliers, grant recipients and the public. We have various policies under which matters will be investigated but each of them have common elements:

- 1) Matters raised will be acknowledged and logged. The substance is most important and if it has not been made under the appropriate procedure, it will not be lost, it will simply be addressed under the most appropriate procedure.
- 2) Chief officers will be made aware and may be personally engaged in investigation and resolution
- 3) We will seek to clarify and resolve enquiries at the lowest appropriate organisational level and if they cannot be resolved at the level there is a defined process for escalation
- 4) Appropriate measures will be put in place to respect the rights both the person raising the concern and staff involved to ensure all being treated fairly.
- 5) We will seek to respond within agreed timescales and keep the person who raised the issue appropriately informed.
- 6) Investigation will be conducted by person not connected with the matter
- 7) There will be a right to appeal or internal review of the outcome of any investigation.

The relevant policies are:

Employee Concerns: Internal Grievance procedure or Whistleblowing procedure

Concerns about the use of Public Money: Anti-Fraud Policy

Concerns about member or officer conduct: Member and Officer Protocols and Code of Conduct

Any other Complaints: formal complaint procedures through which service users may raise issues related to their experience of services received.

The NECA complaint procedure can be viewed on the NECA website [HERE](#)

The latest complaints policy can viewed on the North East LEP website [HERE](#)

All staff employed by the NECA, including those employed to service the North East LEP, are made aware of the whistle blowing policy which is set out in the NECA constitution. Support staff employed directly by Sunderland or North Tyneside Council also have the facility to raise issues under their own local authority whistle blowing policy and other related policies and procedures.

4.6 Promoting Diversity

The North East LEP is committed to promoting equal opportunities (in accordance with the Equalities Act 2010) throughout the organisation. This related to everyone engaged with our

organisation – Board members, employees, suppliers, grant recipients and visitors. Our Equal Opportunities policy has been adopted by our highest decision making board and compliance is monitored by these boards and the Organisations’ Chief Officers.

All organisational policies and every decision we make is assessed from a equality and diversity perspective.

We seek to ensure the overall make up the North East LEP Board reflects the diversity of our business population in terms of geography, business size and sectors and business leaders that reflect local gender and ethnicity characteristics. Where North East LEP Board vacancies arise we will seek to promote applications from any under- represented protected groups, business sector or geographic localities to help ensure we retain a diverse and representative balance.

All employees are made aware of the NECA Equal Opportunity Policy and their responsibilities to comply with this policy and avoid discrimination of any groups or individuals with protected characteristics:

- age
- race (which includes colour and ethnic/national origin)
- disability
- religion or belief
- gender
- gender reassignment
- pregnancy or maternity
- sexual orientation
- marital or civil partner status

4.7 Stakeholder engagement and communications

A wide range of media channels are used to disseminate information on funding opportunities, funding decisions and progress on supported projects. Members of the public can find a range of information on our website on each funding scheme. For instance a summary quarterly update on the Growth Deal Strategic Growth and Infrastructure Fund supported projects is provided along with case studies and regular new releases.

The SEP Refresh process during 2016/17 provided a major and extensive opportunity for all stakeholders and the wider public to be able to inform and influence the direction and priorities for investment decisions. We have published feedback from 8 workshops held during 2016 that can be viewed [HERE](#)

The North East LEP Advisory Boards provide conduits for stakeholders to be engaged and to offer their expertise on an ongoing basis in the development and delivery of investment programmes.

A Communications team maintains both the North East LEP website www.northeastlep.co.uk and the NECA website www.northeastca.gov.uk. The public can make enquiries via the North East LEP website and also register to receive our regular 'Insight' e-bulletin.

Stakeholder engagement is also maximised via social media, with regular updates and news posted. We have circa 6,000 twitter followers and issue a regular North East LEP e-newsletter to over 2,000 subscribers on a regular basis. The LEP Communication Manager provides regular updates on media coverage and the 'reach' of the LEPs marketing and promotion activities to the Board.

North East LEP brand guidelines, Growth Deal brand guidelines and media protocols are in place, to ensure standards in messaging and consistency are maintained.

4.8 Publication of Board Agenda's, papers and minutes.

In accordance with the Local Government Act 1972, LEP Board and Investment Board agenda's and papers are published on the LEP website 5 days prior to the meeting and draft minutes are published 5 working days after meetings are held. Finalised minutes are added to the website following approval at the next Board meeting. Where Board papers contain confidential or commercially sensitive information these are exempt from publication. Such papers are stored securely and are available if required, for auditing. The minutes of meetings record when a Board member, officer or advisor has declared an interest.

5. Ensuring Value for Money: Prioritisation, Appraisal, Business Case Development and Risk Management

All funding programmes managed by the North East LEP have established processes and procedures that involve:

- Options appraisal and prioritisation
- Value for money and business case development
- Monitoring and evaluation (outputs and the management of risk)

A range of operational documents that support the processes outlined in this section can be viewed [HERE](#). These include a standard business case form, business case guidelines, examples of previous 'project calls', Project Appraisal templates, and Key Performance Indicator definitions.

5.1 Project identification, Options Appraisal and Prioritisation

The process for project identification, selection and investment decisions in relation to current funding programmes are illustrated in Annex 1. They all have bespoke systems but share many common operational management principles, procedures and rigour to help ensure value for money.

5.1.1 Growth Deal Local Growth Fund

Initial Growth Deal programme projects were jointly selected by the Government and North East LEP. Subsequently, projects have come through a published 'call for projects'. Calls are published on the North East LEP website and are open for a limited period. Calls are ad hoc, bespoke and issued on a needs basis with accompanying guidance notes. Prospective projects are required to respond to the specific requirements set out in each call. In addition, 'restricted calls' may on occasions be issued to statutory bodies e.g. transport delivery bodies or FE training providers.

The two stage process is illustrated in Annex 1: Figure 1 and involves a competitive process at stage 1 with projects assessed against published criteria. Projects selected by the Board progress to Business Case stage and are then assessed in a proportionate manner in line with the Treasury Green book guidelines.

5.1.2 North East Investment Fund

Project entry into the NEIF is open to eligible projects, at all times, subject to available funds. Each project is considered on its merit against the published criteria. Project selection criteria are standard and reviewed annually. A two stage process is followed as shown in Annex 1: Figure 2.

EZ infrastructure projects also follow this two stage process and are assessed against separate criteria including an assessment of future business rate receipt income.

5.1.3 Arrangements for Transport Projects

The North East LEP seeks strategic direction on the identification of major transport projects for inclusion in bids to Government from the NECA North East Leadership Board in recognition of its strategic transport function supported by a specialist Transport Executive Team.

The NECA Regional Transport Team use a 'restricted call' procedure to specifically invite transport promoting bodies i.e. local authorities and Nexus to prepare project 'expressions of interests'.

Once projects are selected into the North East LEP Growth Deal Programme these are subsequently subject to appraisal and determination under a separate 'Transport Assurance Framework' which follows the same principles and can be viewed [HERE](#). The framework details how processes are in accordance with specific Department for Transport WebTAG guidelines and national transport assurance guideline requirements and is used by the NECA Transport Team to support the appraisal of North East LEP funded transport projects.

Scheme promoters will be required to use the Transport Scheme Development Process Note and Stage Templates, which is appended to the Transport Assurance Framework, when developing their business case and Value for Money (VfM) statement. The business cases and VfM statements are independently reviewed. The NECA Section 73 Finance Officer will sign off VfM statements following the advice of the specialist NECA Regional Transport Team; unless this presents a conflict of interest concern, where another senior officer from NECA or a Section 151 officer from a constituent authority will sign-off the VfM statement.

Project EOIs are initially assessed in regards to short –medium –long term delivery at 'Gateway 1: Conditional Programme Entry', and project prioritisation is undertaken in relation to the specific objectives of each transport funding pot - each having bespoke scoring criteria – and programme-entry status given to prioritised projects.

For large schemes requiring at least £1.5m central investment, Gateway 2 (interim independent assurance at outline business case) and 3 (full approval to proceed at full business case) apply and projects are assessed in accordance with the DfT WebTAG minimum appraisal requirements. For smaller scale transport projects, a proportionate WebTAG principled-approach is taken and projects may proceed from Gateway 1 to Gateway 3 e.g. for smaller scale schemes within the 'Local Sustainable Transport Fund capital programme'.

5.2 Value for Money and Business Case development

Appraisal criteria are based on the Treasury's Green Book, and specifically for transport projects, the DfT's WebTAG. In 'open calls' for projects the objectives of the call tend to be fixed. Where 'closed calls' are used, objectives tend to be bespoke to the project call but will be largely based upon agreed economic priorities in the SEP. Appraisal criteria will be published along with application forms and guidelines.

Projects in all programmes are subject to the following assessment:

- Fit with the Strategic Economic Plan
- Appraisal at each stage development processes - drawing on independent specialists e.g. economic, legal, property or sector expertise.
- Additionally – the need for public funding at the level requested. Appraisal will aim to quantify the additional public value that is created from an intervention taking into account displacement and deadweight.
- Options appraisal – showing why the proposed project represents the optimum solution.
- Risks to delivery and show how risks are effectively managed
- Value for Money - in particular the WebTAG ‘high value for money’ benchmark. Employment numbers are a strategic consideration and should not be valued in the economic case in the BCR and NPPV calculation.

When assessing VfM the North East LEP will follow the HM Treasury Green Book business case guidance, and ensure there is a clear audit trail of decisions.

For each fund the North East LEP will assess the Benefit to Cost Ratio (BCR) and Net Present Public Value (NPPV) presented in each business case to produce an overall assessment of value for money based on these metrics and non-monetised impacts and will include this assessment in reporting to the Board. In principle, the North East LEP will fund schemes that have a positive NPPV and normally a minimum BCR of 1:1 subject to other assessment criteria (e.g. affordability, deliverability).

Where assumptions have been made, these will be set out and sufficient sensitivity testing carried out on these assumptions to understand the robustness of the economic assessment.

The value for money aspects of the Business cases and projects reported to the North East LEP Board and NECA Leadership Board for approval will be subject to sign off and given assurance by the Section 73 Chief Finance Officer of NECA, with support from the NECA Finance team.

The BCRs for all approved projects will be published on the on the LEP website. Business cases for transport projects can be viewed [HERE](#).

5.3 Monitoring and Evaluation

An outline ‘Monitoring and Evaluation Plan’ (MEP) prepared in 2016 will be further expanded during 2017. This will follow the Treasury Magenta Book guidance and any supporting DCLG guidance that is issued and will be based on:

- Monitoring of spend, milestones and outputs to check progress against targets

- Evaluation of effectiveness and efficiency of processes and outcomes and impacts of investment decisions against fund objectives.

All projects are currently monitored to ensure they adhere to their grant funding conditions. Core grant conditions require projects to report on any significant variations to costs or use of contingency budgets (where approved) above certain thresholds.

All approved projects provide monitoring information on a regular basis. Each project submits a Quarterly Monitoring Return setting out actual figures against those profiled in their approved business case in terms of funding, costs, performance outcomes, managed risks and where applicable the achievement of any project specific conditions. All projects have a contact in the Programme Team and are encouraged to bring forward and discuss any significant emerging changes to approved schemes that require a project be re-appraised and consented.

Any significant variations to a project e.g. slippage in programme milestones, changes to matched funding, revised scope including reduced scale or expansion will be reported to the appropriate funding management Panel / Group. Where changes are considered significant and with potential adverse impacts on VfM a revised business case will be required and recommendations taken to the North East LEP Board or NECA Leadership Board as appropriate.

Where a contracted project is underperforming and is forecast to fall short of contracted performance outcomes the North East LEP Board will be provided with a report with appropriate options including de-commitment and contract termination.

All projects will receive verification and performance progress visits during their lifetime.

Each project is expected to submit an evaluation plan and a final evaluation report. Programme level evaluation plans sets out how we will assess the impact of investments over the period to 2024 in meeting the SEP objectives. This covers all capital investment programmes and also other activities with partners. Within this context, a narrower evaluation plan will look more specifically at impact of the Growth Deal LGF and NEIF investments. The SEP set a goal of supporting the creation of 100,000 new private sector jobs over the period to 2024 of which the Growth Deal programmes currently forecasts a contribution of over 5,000 jobs.

Through undertaking a comprehensive evaluation approach, we seek to assess and understand the contribution of project interventions to outcomes and consider any overlapping contributions to outcomes. The first evaluation study will be commissioned in 2018/19 and final impact evaluation report in 2024/25.

Baseline information, core metrics and monitoring systems are in place to capture qualitative and quantitative aspects of project investments and are kept under review by the TSG.

Where required funding programme financial and performance information is provided on a regular basis to Government using reporting templates provided by Government that are verified and signed off by the Section 73 Finance officer.

6 Financial accountability and management controls

6.1 Accountable Body functions

NECA holds all current North East LEP funds. It performs the following duties, with support from its Finance team, including staff based at Sunderland City Council and Legal Team at North Tyneside Council across all funding programmes:

- Ensures all financial regulations are adhered to through its Section 73 Finance Officer, including those relating to procurement, tendering, arrangements for contracts and processes. Payments made are subject to controls including segregation of duties and independent verification of bank account details of payees. Financial regulations of NECA can be found as part of the NECA constitution.
- Assesses lawfulness prior to endorsing all decisions for project funding contracts to be issued and any payments made.
- Provides timely statements of expenditure to Government as required under Section 31 Grant Agreements with Government.
- Ensures decisions made are consistent with any national or European Environmental, Equalities, Procurement or State Aid regulations and are otherwise lawful.
- Maintains separate accounts for each funding programme
- Provides expenditure monitoring reports
- Makes arrangements for the annual independent Audit of expenditure on all North East LEP and NECA programmes.
- Maintains a register of NECA and North East LEP Board member personal interests.
- Manages NECA and North East LEP funds in line with the Treasury Management and Investment Policy

Quality Assurance is undertaken by the Internal Auditor at NECA. This includes an inspection of programme and project records to ensure that proper procedures have been followed in the section and award of funding and on-going compliance with funding contracts.

When exercising their public functions the NECA will take into consideration s.149 of the Equality Act 2010 and consider the impact upon people/groups with protected characteristics and specifically will consider how the project has had regard to

- 1) the need to eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act;
- 2) the need to advance equality of opportunity between people who share a protected characteristic and people who don't; and,
- 3) the need to foster good relations between people who share a protected characteristic and people who do not.

During the application, project sponsors will be assessed in relation to equalities issues and grant funding agreements stipulate that recipients must comply at all times comply with the Equality Act 2010.

6.2 Programme Management Capability

An experienced Programme Management Team is in place North East LEP to oversee the development, delivery and effective day to day management of all investment programmes and resources. The team procures specialist appraisal support where necessary to support project appraisals. This may include:

- Legal advice
- Property market appraisals
- Technical or thematic specialists

Transport Officers from NECA Regional Transport Team who monitor and support the transport scheme promoters in the 7 local authorities and Nexus are co-located within the North East LEP as required to bring efficiency to the process. This arrangement enables close working relationships, sharing of experience and knowledge management.

The Programme Team manages all aspects of the North East LEPs investment portfolio supported by NECA Finance Team, Legal Team at North Tyneside Council and the Corporate Finance Team at Sunderland City Council.

Functions include:

- Strategic programme management and co-ordination of governance
- Programme/Project Development
- Project Assessment/Appraisal/Due Diligence

- Procurement and contracting
- Monitoring and evaluation

6.3 Programme management tools and systems

The Programme Team has developed an Excel based corporate programme management database to record, monitor and performance manage projects across all funding programmes. This is used to interrogate performance and generate update reports to the Technical Officer Group and Investment Board. NECA Transport Team has established systems using Project Vision software for project and programme management for all LEP LGF funded transport projects.

6.4 Risk Management

The NECA Section 73 Finance Officer is accountable for risk management.

All programmes have in place a Risk Register that is subject to monitoring with risk owners clearly identified. Risks are managed at project and programme level and escalated if required by the TSG or Investment Panel to the Board.

Risk status reports associated with the performance of all funding schemes are reported to the North East LEP Board on a regular basis. Where required mitigating actions are highlighted to address issues.

6.5 Funding Agreements

All Funding Agreements are entered into on behalf of the North East LEP by the NECA Monitoring Officer following appropriate North East LEP Board and NECA Leadership Board approvals and consultation with the Section 73 Officer and Head of Paid Service. Standard Funding Agreements include obligations requiring funding recipients to comply with financial, other statutory regulations and to adhere to performance reporting requirements. Provision is made to be able to cease and / or clawback resources where a project is under performing or otherwise in breach of its funding agreement.

6.6 State Aid considerations

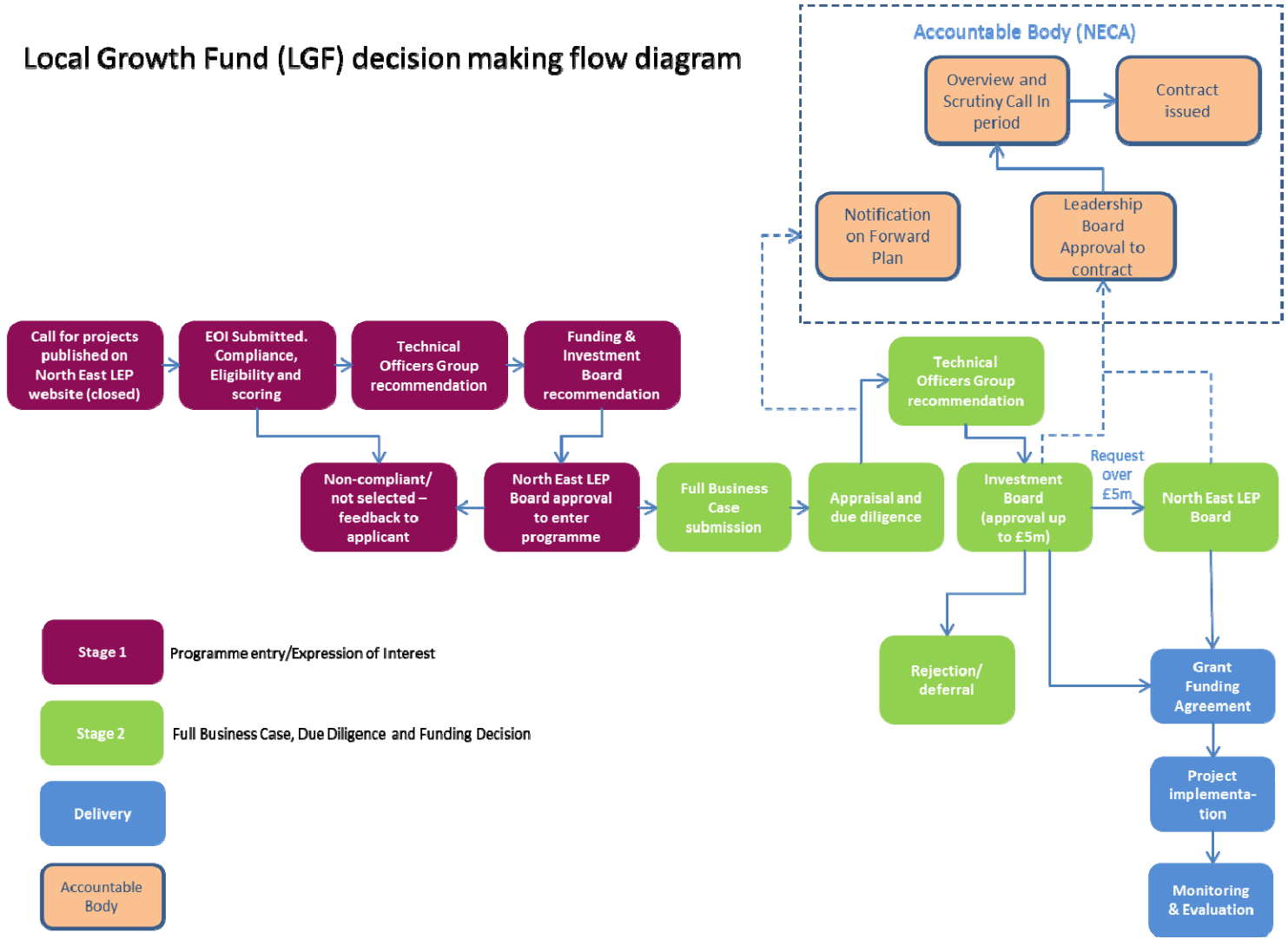
All projects, in all programmes, are assessed in relation to whether or not the requested level and form of financial support would constitute State aid. Questions in relation to State aid are initially asked at the EOI stage. Where there is potential for State aid to be present, appropriate compliant state aid routes are required to be identified by the funding applicant and this is required to be supported at business case stage with expert legal opinion.

State aid appraisal at business case stage is undertaken by the NECA Monitoring Officer. Advice is provided to the North East LEP Programme Team on the state aid assessment submitted by projects. Where appropriate and in complex and high risk cases, external legal advice is obtained by the NECA and North East LEP.

Where financial support is awarded as a form of permissible State aid this will normally be under the SANI 2 registered scheme 'North East Growth and Infrastructure Fund'. Further information on the scheme can be viewed [HERE](#). Details of all awards of State Aid are published on the North East LEP website and can be viewed [HERE](#). In addition, and in accordance with EU Article 9 (6) of the General Block Exemption Regulations (GBER), from 1st July 2016 we shall supply information to HM Government for national publication on all projects receiving over €500,000 to comply with GBER provisions in relation to the transparency of awards.

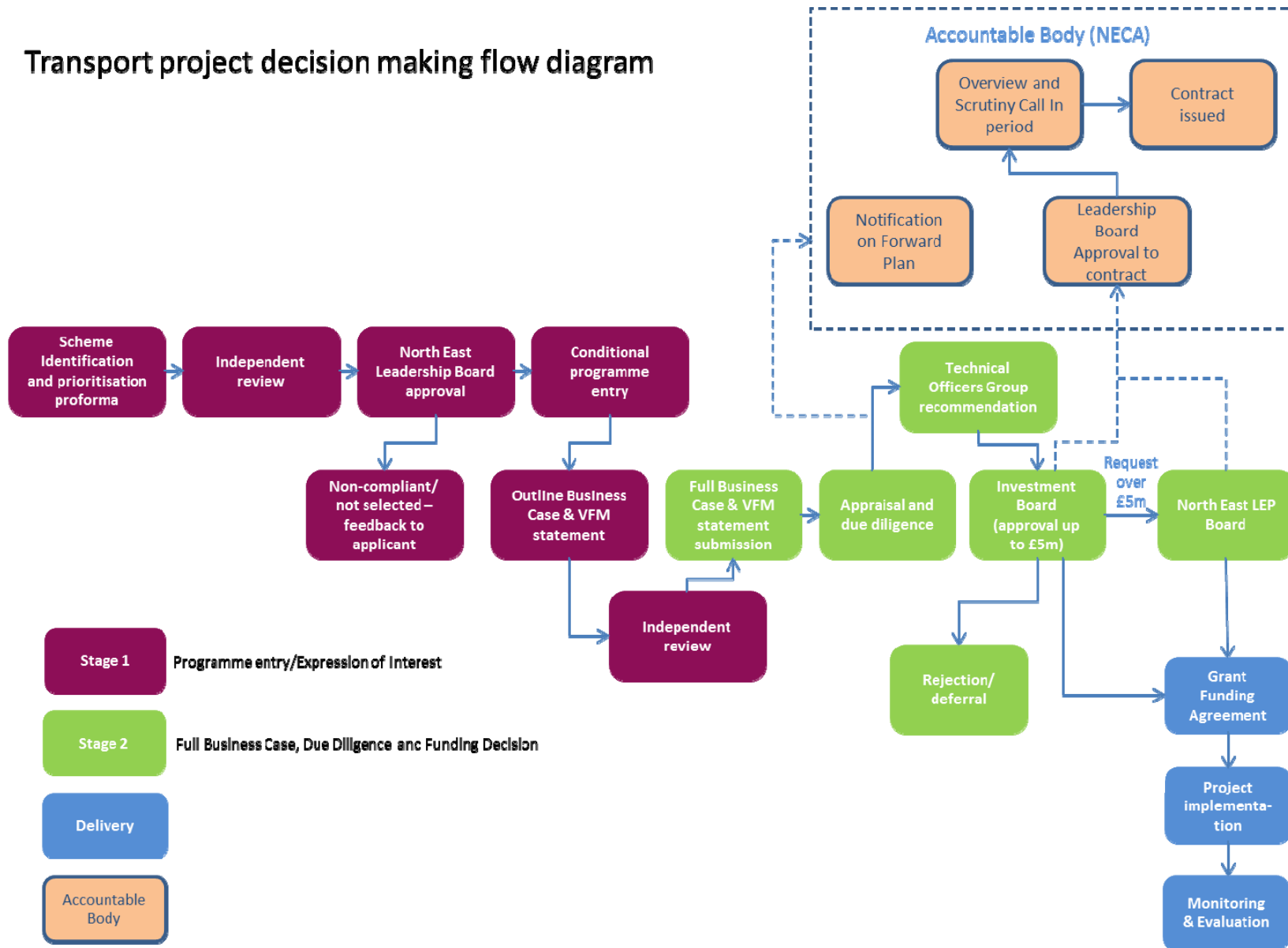
ANNEX 1 – PROCESS MAPS

Local Growth Fund (LGF) decision making flow diagram



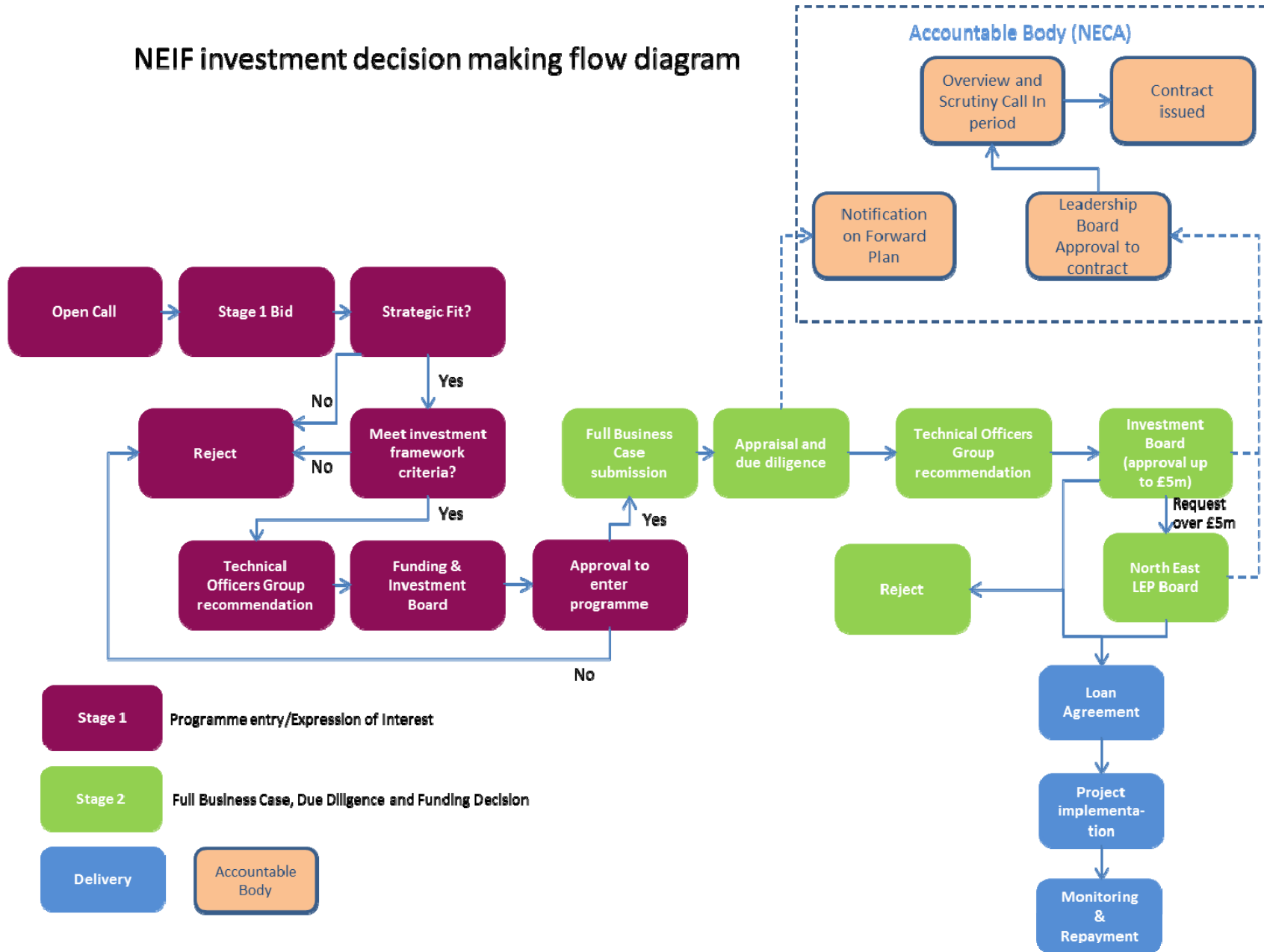


Transport project decision making flow diagram





NEIF investment decision making flow diagram





Enterprise Zone investment decision making flow diagram

