

THIS IS NOT A PUBLIC MEETING

# North East Local Enterprise Partnership Board



Thursday 22 March 2018

17.00 – 19.00

Venue: The Fire Service Headquarters, Nissan Way,  
Sunderland, Tyne and Wear, SR5 3QY

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Minutes of the last Board Meeting held on Thursday 25 January 2018** (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. **3 Year LEP Budget** – Paper attached (5.20pm)  
Helen Golightly and Paul Woods to present to the Board.
5. **Government Update** – Verbal update by Andrew Battarbee, Area Director, North East, Yorkshire and Humberside, BEIS (5.30pm)

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

6. **(a) Funding Update and Decisions** – confidential paper attached (5.45pm)  
**(b) Enterprise Zone Financial Model and Update** - confidential paper attached (6.05pm)  
Paul Woods to present to the Board.
7. **North of Tyne Devolution Update** (6.25pm)  
Verbal update to the Board
8. **Inward Investment in the North East** – paper attached (6.35pm)  
Guy Currey and Paul Woods to present to the Board.
9. **Any Other Business** (6:55pm)
10. **Date and Time of next meeting – Thursday 31 May 2018 from 5 - 7pm**

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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**

March 2018



# Performance against Strategic Economic Plan targets since 2014 (Last updated Jan 2018)

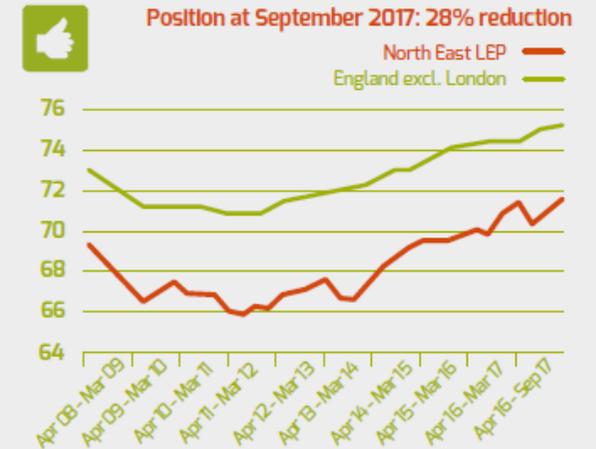
Target Increase the number of jobs in the North East economy by 100,000 by 2024



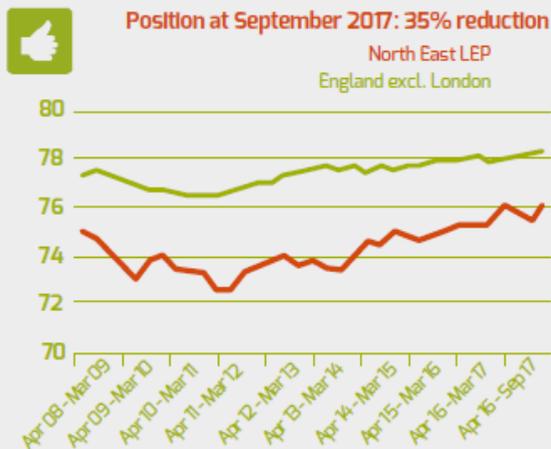
Target 70% of all jobs created from 2014 will be better jobs



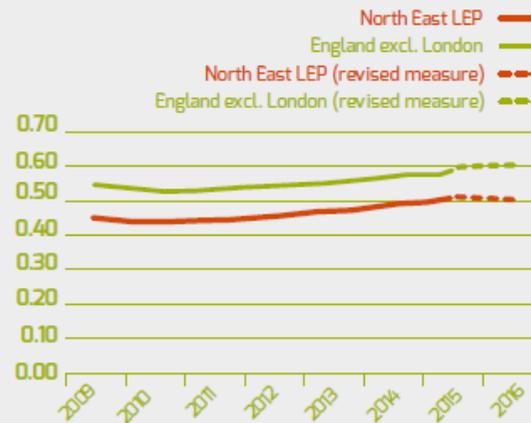
Close the gap in the employment rate for people aged 16-64  
Target 100% reduction in gap by 2024



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



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



## Gross Value Added per full-time equivalent (FTE) job

The SEP aims to reduce the gap between the North East and England excluding London on GVA per FTE by 50% by 2024. Between 2014 and 2015, the gap between the North East LEP area and England excluding London had increased by 9%.

However, there has been a discontinuity in the data that underpins this measure. Changes have also been made to regional GVA data (with a new balanced GVA figure published for the first time in December 2017).

Whilst it would be possible to use 2015 as a revised baseline, we are taking this change as an opportunity to review the target with its partners and will report on next steps in due course.

# 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
<b>Ecosystem development – provide business support, expertise, share knowledge and increase partnership learning</b>				
<b>Set up and deliver the Innovation Observatory project</b>	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. A facilitated workshop to understand next steps is being prepared alongside a report from the Observatory to the next Innovation Board setting out experience to date.	<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
<b>Set up a programme to support the development of a stronger innovation network environment in the region</b>  <b>Develop programme to support growth in number of incubators and innovation hubs</b>	<p>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 has been agreed to reduce risk of poor embeddedness which will be accompanied by new communications.</p> <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>	SuperNetwork is not adequately embedded in other activities.	Helen Golightly	G
<b>Communicate the proof of concept funding landscape to business</b>	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
<b>Established North East Innovation Leadership</b>	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 <sup>st</sup> September. New members for the Digital and Health and Lifescience Sectors have been appointed.	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
<b>Secure support for relevant national Science and Innovation Audits</b>	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. A first draft/interim report is being prepared for the end of April 2018.	Delivery of audits is incomplete or is not embedded in national policy.	Helen Golightly	G
<b>Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network</b>	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, has attended the last Board meeting and is engaging with the team.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Helen Golightly	G
<b>Innovation Infrastructure – Projects and Programmes for Innovation</b>				
<b>Support the delivery of key innovation projects as set out in the SEP</b>	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
<b>Establish at least one test bed facility</b>	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
<b>Set out long term North East Innovation Infrastructure needs</b>	This work is being scoped.		Helen Golightly	G
<b>Smart Specialisation – Focus on four key sectors</b>				
<b>Produce four Smart Specialisation strategies</b>	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. Draft health and lifescience and energy brochures have been prepared.	All strategies are not completed or do not bring together the right sector lead partners.	Helen Golightly	A
<b>Establish the Data for Growth project</b>	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
<b>Establish a challenge approach for the Health Quest North East project</b>	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
<b>Scaleup North East: More high growth businesses will help us to secure economic resilience and increase private sector employment</b>				
<b>Scaleup North East Programme: Supporting more businesses to achieve and sustain high growth</b>				
Scaleup North East Programme	<ul style="list-style-type: none"> <li>• The programme launched 26<sup>th</sup> January.</li> <li>• 175 expressions of interest received.</li> <li>• 30 businesses accepted on to the programme.</li> <li>• Recruitment of further scale up partners (account managers) continues.</li> <li>• We continue to represent LEPs and Growth Hubs nationally on the Scaleup Taskforce.</li> </ul>	Fulfilling demand. Delivering desired high quality of experience.	Colin Bell	G
<b>Inspiring leaders: Encouraging and facilitating peer mentoring and introduction</b>				
Growth through Mentoring	<ul style="list-style-type: none"> <li>• Growth through Mentoring has made 30 matches in year and two re-matches.</li> <li>• Our pool of mentors has grown to 29 with a further 6 mentors in the pipeline.</li> </ul>	Attracting high quality mentors	Helen Lee	A
'Be the Business' Productivity Pilot – Growth Hub: High Performance	<ul style="list-style-type: none"> <li>• This pilot project has been funded by Sir Charlie Mayfield's Productivity Leadership Group (PLG) and aligns to the Industrial Strategy's focus on the 'diffusion of best practice' as a means of driving productivity growth.</li> <li>• Structured workshops around exemplar businesses, Tharsus, Virgin Money, Ryder Architecture &amp; Orangebus.</li> <li>• The model will be incorporated into the Growth Hubs £6million supply chain development programme during 2018/19.</li> </ul>	Model does not deliver desired impact.	Colin Bell	G
<b>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</b>				
The North East Fund	<ul style="list-style-type: none"> <li>• North East Fund due to launch formally in March 2018.</li> <li>• Engaged with the British Business Bank to discuss how their new £2.5bn investment vehicle, angels and account management structure.</li> </ul>	Brexit could present unforeseen risks.	Michelle Rainbow	A
Rural Growth Network (LGF)	<ul style="list-style-type: none"> <li>• 28 projects approved or committed (8 projects in current FY).</li> <li>• Spend is behind target but pipeline is strong.</li> <li>• Deadline extended to 31<sup>st</sup> May 2018.</li> </ul>	Low levels of demand	Dinah Jackson	A
RDPE Growth Programme (EAFRD)	<ul style="list-style-type: none"> <li>• North East LEP area has received the largest number of EOIs of any Northern LEP.</li> <li>• Current pipeline value is 57% of total allocation.</li> <li>• As at 8<sup>th</sup> February, 76 Eols have been received of which 57 have been endorsed for full application. 12 projects are contracted.</li> </ul>	Low levels of demand	Dinah Jackson	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Support business growth focused on areas of opportunity</b>				
Work with sector groups	<ul style="list-style-type: none"> <li>Scaleup Partners are being recruited by RTC to provide coverage across areas of opportunity.</li> <li>We are working in partnership with regional cluster organisations to develop a £6million Supply Chain Programme as part of the North East Growth Hub.</li> </ul>	Securing funding for Supply Chain Programme.	Colin Bell	G
<b>North East Growth Hub: A single access point for business information, advice and financial support</b>				
An effective platform and events programme	<ul style="list-style-type: none"> <li>Performance is strong - during January 2018 the Growth Hub generated its highest number of referrals - +1000.</li> <li>We have now generated over 14,000 referrals for business support providers during 2017/18.</li> </ul>	Growth Hub doesn't generate leads effectively.	Jen Robson	G
<b>Building our trade flows: Increase export activity</b>				
Building trade flows	<ul style="list-style-type: none"> <li>DIT is considering changing to a brokerage model that will target businesses with a t/o greater than £4million and less than £40m and are in UK ownership.</li> <li>This presents a risk to the NE due to the low density of targeted businesses.</li> <li>The North East DIT team are delivering a pilot project designed to test the intended model, the total target market comprises just over 300 businesses (NELEP and Tees Valley) of which only 17 have engaged in the pilot programme.</li> <li>We have fed our concerns to DIT and made suggestions as to how the model could be adjusted to better meet the needs of the North East economy.</li> </ul>	<p>Future DIT model does not meet the needs of the North East.</p> <p>Net export support reduces for North East businesses at a time of critical need.</p>	Colin Bell	A
<b>Strengthening flows of inward investment: Driving growth and employment</b>				
Build the strength, profile and coherence of the North East's inward investment offer	<ul style="list-style-type: none"> <li>Year to date figures show 57 successful projects leading to 1,491 jobs. Comparable number of projects to same period last year (57 vs 62) but significantly lower number of jobs (1,491 vs 5510), although exceptional jobs figures last year due to small number of large business services investments employing more than 3,000.</li> <li>New 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.</li> <li>An INEE events programme for 2018/19 is currently being worked up with partners.</li> <li>Interim results for the NECA key account management programme with local authorities are encouraging. It is anticipated that a similar level of DIT funding (£145k in 2017/18) will be secured next financial year.</li> <li>On-going concern that key competitors have access to financial incentives (Sheffield £27m pot for inward investors + same for indigenous. Leeds £13m, Tees Valley £10m, Liverpool £30m).</li> </ul>	<p>Impact of Brexit on ability to attract new FDI</p> <p>Absence of access to financial incentives impacts interest.</p> <p>The creation of the North of Tyne Combined Authority may confuse the inward investment landscape for investors or dilute the current regional model..</p>	Guy Currey	A
Develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains	<ul style="list-style-type: none"> <li>Proactive lead generation work continues, primarily focused on 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. Due to good results, the contract has been extended for a further six months.</li> <li>The INEE Team is working with local authorities and the three main ports to develop marketing materials (web-based) to help promote and provide opportunities for the region's offshore energy sector and supply chain.</li> </ul>		Guy Currey	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Early response and managing change: Ensure a rapid response to economic shocks and other impacts</b>				
Develop a collaborative approach to responding to negative economic and other impacts	<ul style="list-style-type: none"> <li>We are working with BEIS and Local Authorities to monitor the impact of Carillon.</li> <li>Support available to businesses has been published via the Growth Hub.</li> <li>The LEP Skills team have been working closely with CITB to support Carillion apprentices.</li> <li>Limited impact has been identified to date but we do expect this to increase.</li> <li>A paper has been created by the NELEP and shared with the 7 NECA Economic Directors.</li> </ul>	New ERDF projects fail to address potential impacts to supporting business post-Brexit. Poor coordination between partners.	Colin Bell	A

# 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
<b>North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.</b>				
<p><b>Support secondary schools and colleges who wish to adopt the benchmarks</b></p>	<p>The regional scale up of North East Ambition continues; over 130 secondary schools are engaged and all 9 colleges have adopted and are working towards the benchmarks. Our working groups continue and members of our SEND working group have supported the development of a SEND toolkit focusing on how SEND schools can implement and achieve the benchmarks.</p> <p>Our Destination Data working group were invited to present our innovative approach to tracking destination data at a specially convened meeting in London (Feb 18), where DfE described work in the North East as 'best practice'. Regional Career Leader Network meetings have been introduced, supported by all 7 Local Authorities and National Careers Service. These network meetings are greatly appreciated by careers leaders within the sector with almost 90 attending the first meeting and over 130 attending the second meeting.</p> <p>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 <a href="http://www.goodcareerguidance.org">www.goodcareerguidance.org</a>.</p> <p>We are working with the Gatsby Foundation on their production a handbook of good practice, showcasing case studies from schools and colleges in the North East and demonstrating how they have achieved the career benchmarks. This handbook will be sent to every secondary school and college in the country in April 2017.</p> <p>Nationally our work is widely acknowledged as transformational and the North East LEP's work is heavily influencing the implementation plan for the DfE national careers strategy (released in Dec 2017) and the new statutory guidance (Jan 2018). All schools and colleges across the country are now expected to use the career benchmarks and the Careers and Enterprise Company have the remit to lead the national roll-out.</p>	<p>The Careers and Enterprise Company have the remit for the national roll out and implementation of the careers strategy. This includes the development of 'career hubs' and associated funding and structures. We are working closely with the CEC.</p>	<p>Michelle Rainbow</p>	<p>G</p>

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Support secondary schools and colleges who wish to adopt the benchmarks (continued)</b></p>	<p>We have supported the regional careers strategy briefings across the country (showcasing the good practice in our schools and colleges) and continue to share learning at key national and regional conferences including National Careers Guidance Shows, Westminster Briefings and the national Enterprise Coordinators Conference.</p> <p>The Social Mobility Commission ‘State of the Nation Report 2017’ recognised the impact of North East Ambition “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”. The report recommends that “Local Enterprise Partnerships should follow the approach of the North East Local Enterprise Partnership”.</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 and a slightly revised version of the benchmarks for colleges was released in February. Our group will now provide case studies for Gatsby in relation to the careers leader role in a college. The North East LEP continues to lead this work.</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><b>Ensure all secondary schools have access to Enterprise Advisers</b></p>	<p>Over 120 Enterprise Advisers have now been 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.</p> <p>86 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 they are sustained matches. A 3<sup>rd</sup> Enterprise Coordinator will be appointed in 2018 and this will further enhance the team’s ability to grow the network of Enterprise Advisers and Schools and Colleges..</p>	<p>Changes in government and policy may mean a change to the funded element of the programme</p>	<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Develop and deliver the Pupil Mentoring programme</b></p>	<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>Full delivery will take place from the start of the Autumn term. 2017. These mentoring programmes are funded by the CEC. Initial projects are funded to Sept 18, but successful projects will be further funded to 2020.</p>	<p>Michelle Rainbow</p>	<p>G</p>

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Develop and deliver the Pupil Mentoring programme (continued)</b>	Take up from both businesses and schools has been good, exceeding expectations and quarterly targets set by the funders, CEC. The LEP continues to work with Leonard Cheshire to try to expand the pilot by sourcing match and / or additional funding .The North East LEP is delighted to be able to provide a placement opportunity for a student and Leonard Cheshire staff are providing guidance as to how to best support this student.			
<b>Develop and roll out a pilot Primary Schools Benchmark programme</b>	A small amount of funding has been sourced.  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 and we are now hopeful that this will commence in 2018. 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.	A lack of funding may mean the benchmarks do not commence in September 2018	Michelle Rainbow	A
<b>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.</b>				
<b>Promote higher skills</b>	<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 will 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. Consultation with various stakeholders is underway and there are currently opportunities for technical education providers to bid to host pilot schemes.</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 and will start once further clarification of progress is obtained. Colleges in the North East are closely involved in consultation and piloting T-level routes. Sunderland part of a pilot programme with DfE and the Principal of Gateshead College is part of a national group working with the FE Commissioner.</p> <p>T-levels, if implemented well, with strong employer support would be beneficial. 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>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Promote higher skills (continued)</b></p>	<p>(i) appropriate technical education pathways are available reflecting the evolving labour market for technician level skills, and:</p> <p>(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> <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>			
<p><b>Promote higher skills (continued)</b></p>	<p>Institutes of Technology. 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 (IoTs), 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. Bids were submitted on 1<sup>st</sup> March 2018.</p>			
<p><b>Encourage more and higher level apprenticeships with a key sector focus</b></p>	<p>The Apprenticeship Growth Partnership meetings continue and the focus of the AGP is :-</p> <ul style="list-style-type: none"> <li>To assess the impact of changes to the delivery of apprenticeships on employers</li> <li>To promote Higher and Degree level apprenticeships with employers</li> <li>To promote the benefits of apprenticeships to employers</li> </ul> <p>The LEP is supporting the national campaign to raise awareness and promote apprenticeships to employers, young people, schools and parents and was extremely active during National Apprenticeship week, encouraging all of our partners to participate and promote the benefits of good quality apprenticeships.</p> <p>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 which will not now be released until March 2018.</p> <p>The Skills programme is working with the NorthEast Growth Hub to raise awareness to businesses about the benefits of hiring apprenticeships. You can find the apprenticeship content on the GH <a href="#">here</a> and a summary of all the data and insights will be provided in the next board report.</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>	<p>Apprenticeship reforms are creating some uncertainty and therefore apprenticeship numbers may slow. However public sector targets and levy spend may mitigate this decrease in overall numbers.</p>	<p>Michelle Rainbow</p>	<p>G</p>

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Higher Education</b> - 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.				
<b>Support universities spin-outs and start ups</b>	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
<b>Support universities to retain graduate talent in the North East</b>	<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 in November 2017 supporting universities and to position the North East as a place with a wide range of career opportunities beyond graduation.</p> <p>Targeting students, graduates, universities and the North East business community, the campaign was 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:</p> <p><a href="https://www.nelep.co.uk/live-work-and-stay/">https://www.nelep.co.uk/live-work-and-stay/</a></p> <p>Since its launch, the campaign page is the third most visited page on the North East LEP website. The #LiveWorkandStay hashtag is well known and three North East companies have already shown interest in being a part of the next phase of the campaign. Further content is being developed with contributors 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. We are hopeful that the North East pilot will commence in 2018, once final .</p>		Michelle Rainbow	G
<b>Support universities to develop knowledge transfer partnerships</b>	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.		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Education Challenge</b> - 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.				
<b>Develop and deliver an Education Challenge programme</b>	<p><b>Governance</b>            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. We've had the opportunity to communicate these messages at a number of well-attended events to encourage businesses and employers to view this an opportunity for leadership CPD, this has been understood and well-received.</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. We understand this project has been successful at the outline stage and expect to be invited to progress to a full application. The 'go live' date is expected to be summer 2018.</p> <p><b>Next Generation Learning UK</b>            The Steering group, facilitated by the North East LEP and chaired by Edge Foundation, met for the first time in January. The steering group consists of representation from North East LEP, Edge Foundation, Ford Next Generation Learning, business organisations, qualification providers and the collaborative outreach programme NECOP.</p> <p>Key appointments have been made, including the appointment of a Regional Lead: Education Challenge who will lead on '<i>careers in the curriculum, teacher placements in industry and project based approaches to learning that encourage employers and educators to work together to address skills and progression needs</i>'.</p> <p>Industry alignment managers have been appointed in our first three pilot schools and a delegation, including the regional lead, enterprise coordinator, industry alignment managers and school representatives, visited the Academies of Nashville in March and XP school in Doncaster. We will host a visit from Ford Next Generation Learning to the region in April as we begin to work with teachers and employers on training and implementation.</p> <p>This project is beginning to gain significant national attention and the Skills Director and National Facilitator recently met with Head of Education at CBI to build on national engagement. We are working on the wave 1 expansion to include further schools and colleges from across the region in this work.</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> <p>The project has a number of key stakeholders and a revised leadership structure is being developed to ensure that the project is coherent and is built on clearly established processes.</p> <p>We are exploring a variety of funding opportunities to enable the scope of the pilot to widen.</p>	Michelle Rainbow	<b>G</b>

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Develop and deliver an Education Challenge programme (continued)</b>	The North East LEP and Edge Foundation are bringing together key international leads in the field of project based learning and convening a working group to ensure what we develop in the North East is built upon existing good practice, extends this and implements a new approach that can be scaled effectively.			
<b>50+ Workforce – retrain, regain, retain:</b> To reduce inactivity levels in our older population by helping to develop their skills and make in-work transitions as the labour market changes.				
<b>Develop a Fuller Working Lives (FWL) strategy</b>	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.		Michelle Rainbow	G
<b>Understand and provide focus on work force skills for the older workforce to maintain their position within the labour market as skills’ needs change.</b>	<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 an event last year. CIPD, Sage and Newcastle University hosted the event on behalf of the LEP</p> <p>Good progress is being made , EDT, working with the LEP, secured £50k to deliver 7 sector specific events based on this model; with the LEP presenting regional data/setting the scene; a sector leader to endorse with a case study and a call to action;</p> <p>EDT who will be offering workshops to businesses to help them audit their skills and training needs; plus networking opportunities. There will also be an exhibition of providers. Also as part of the bid, we will be supporting several 50+ employee facing events. Dates are almost finalised and further details will be available soon.</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
<b>Fit and well for work - support people with health conditions to find and maintain employment</b>				
<b>Support primary care professionals in helping people access support to get them back into work</b>	<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 782 people have been supported on the programme. High numbers of those referred (circa 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 &amp; Social Care sector. Applications will be considered at a future ESIF Committee (date TBC).</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
<b>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.</b>	<p>The Mental Health Trailblazer is piloting integration of employment and mental health services through intensive support to help unemployed residents to find work and sustain recovery. It operates as a Random Control Trial evaluated by the Behavioural Insights Team. By mid-February, the trial had a total of 324 participants in the treatment group and 114 in the control group. The job conversion rate for the treatment group is just under 20% against a projection of 15%. A Project Change Request (PCR) will be submitted to DWP to extend the trial to December 2019 to achieve ESF performance and a suitable trial sample size. A decision is expected by the end of March 2018.</p>	<p>Delay from DWP in trial launch, below profile referrals from Jobcentres and ESF eligibility requirements continue to impact performance. However, referral volumes have improved in Jan/Feb and approval of PCR should recover performance.</p>	<p>Northumberland County Council</p>	G
<b>Monitor and evaluate the impact of the Work and Health Programme in the North East</b>	<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 15<sup>th</sup> January 2018 and will run until November 2022. There are</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
<b>Monitor and evaluate the impact of the Work and Health Programme in the North East (continued)</b>	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). The LEP will be meeting with the Reed Area Manager in April 2018 to discuss the programme further.			
<b>Work with employers to improve take up of the Better Health at Work Award Scheme.</b>	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.  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.		Michelle Rainbow	G
<b>Continue to address the importance of in work progression and job equality</b>	A number of ESF calls, which focus on up-skilling and re-skilling those in work to aid job progression, closed late last year. The call of relevance were : <ul style="list-style-type: none"> <li>Digital Skills – £20m ESF call</li> <li>Health &amp; Social Care Skills - £5m ESF call</li> <li>North East Ambition - £3m framework call + £3m skills development ESF call</li> </ul> The health and Social Care call is still to be appraised and sent to the ESIF Committee for consideration.	Projects meeting ESF rules and regulations	Michelle Rainbow	G
<b>Youth Employment - develop pathways for the most vulnerable and disadvantaged young people to help them move into education, training and employment</b>				
<b>Create and scale up initiatives that adopt innovative and agile approaches to meeting local needs</b>	Generation North East covers the whole of the North East LEP geography and has been operational since July 2014. The programme has supported 4391 young people, delivering 2039 job outcomes to date; 1187 of those gaining employment have now sustained employment for 6 months or more. Generation NE funds have also supported a further 1065 participants, 573 into work as at January 2018 through provision of match-funding for Durham Works (YEI). The project has exceeded all original targets and continues to perform well.  An ESF call for projects to support young people into employment and training was closed in autumn last year. After consideration at the ESIF Committee in November, the ESF Managing Authority has now invited project applicants to submit a full application before 9th March 2018. This included a proposal to extend the Generation NE project. Due to the number of projects proceeding to full application, a condition was given to all applicants that are seeking to secure ESF funding, requesting that they consider how they can best align or consolidate projects before submitting their full application to ensure best value, synergy and alignment of services. We await the outcome of the project alignment work to measure the likely impact on geographical scope and impact.	Projects do not adequately align services to ensure there is adequate coverage across the whole of the North East LEP area geography	Michelle Rainbow	G
<b>Deliver the Durham Works project</b>	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. The headline performance indicators (January 2018) are very encouraging: <ul style="list-style-type: none"> <li>4,471 young people are registered on Durham Works of which 3,913 are verified participants, representing 67% of the final target number of 5,830;</li> </ul>	Risk of not securing future ESF / YEI funding	Durham County Council	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Deliver the Durham Works project (continued)</b></p>	<ul style="list-style-type: none"> <li>1,556 young people are currently in receipt of wrap-around-support;</li> <li>230 young people are currently participating in an intervention through a delivery partner;</li> <li>2,535 young people have progressed into education, employment and/or training (64% of verified participants).</li> </ul> <p>A comprehensive employer engagement strategy has been implemented which focuses on developing employment opportunities to enable DurhamWorks participants to progress into the labour market. This work is underpinned by Business Advisors, who work with employers to create opportunities for young people and provide on-going support. To date, the Business Advisors have:</p> <ul style="list-style-type: none"> <li>Supported 1095 businesses;</li> <li>Identified 799 Apprenticeships for DurhamWorks participants;</li> <li>Identified 680 employment opportunities for DurhamWorks participants;</li> </ul> <p>Supported the development of 12 Traineeships for DurhamWorks participants.</p>			
<p><b>Ensure young people have the access to support and skills required to progress employment.</b></p>	<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 against a profile of 1182 and the contract is looking to extend delivery up to March 2019.</p> <p>The LEP held a Provider Network meeting on 27<sup>th</sup> 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 have been raised appropriately through the ESIF Committee and local groups. ESFA have asked local areas for recommendations to extend/extend and grow ESF/ESFA contract to March 2019 and support has been given in principle to these requests. It is important that these extensions are approved as soon as possible by the ESFA/ESF teams to prevent the loss of existing infrastructure on these contracts.</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 &amp; expertise as the project starts to wind up ready to close in July 2018</p>	Michelle Rainbow	A
<p><b>50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work</b></p>				
<p><b>Develop and implement a 50+ workforce strategy in partnership with key stakeholders.</b></p>	<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.</p> <p>LEP and partners 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. A case study has been produced by a Karen Redhead of Derwentside College, focussing on adult apprenticeships.</p>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Active inclusion</b> – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.				
<p><b>Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.</b></p>	<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 March 2019 and this is in the process of being approved. The project has a reserve list of applicants waiting for more funds to be released through the contract extension.</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 27<sup>th</sup> 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 is expected soon.</p>	<p>Securing additional ESF/Big Lottery funding currently being considered at a national level. No date has been given for a decision as yet.</p>	<p>Michelle Rainbow</p>	<p>A</p>
<p><b>Provide targeted support to those with protected characteristics.</b></p>	<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>		<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.</b></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><b>Adopt a community-led local development approach within our communities suffering from significant deprivation.</b></p>	<p>All CLLD projects have 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 future Employment and Skills Board meetings.</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
<b>Develop Local Plans which support North East economic ambitions</b>				
<b>Develop 7 local authority statutory Local Plans</b>	<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><b>Local Plans adopted to date:</b></p> <ul style="list-style-type: none"> <li>Newcastle and Gateshead joint core strategy adopted</li> <li>North Tyneside local plan adopted July 2017</li> </ul> <p><b>Local Plans in development are:</b></p> <ul style="list-style-type: none"> <li>Durham</li> <li>Sunderland</li> <li>South Tyneside</li> <li>Northumberland County Council</li> </ul>	Local Plans are not adopted in the short term resulting may impact on investment decisions and timeline	7 LA Chief Executives	A
<b>Securing investment – to deliver strategic employment and housing sites</b>				
<b>Develop a robust pipeline of sites for business development and housing investment</b>	<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. This has been delayed due to capacity within the team, and focus driven to processing and managing current funding programmes..</p>	Insufficient capacity will slow progress	7 LA Economic Directors & Helen Golightly	A
<b>Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites</b>	<ul style="list-style-type: none"> <li>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</li> <li>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.</li> <li>A revised investment model using business rate income has been developed to inform local agreements.</li> <li>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 March</li> </ul>	<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	A

SEP Action	Progress/ current position	High level risks	Lead	Status
Collaborative development of spatial planning framework for the North East, supporting the SEP				
<b>Publish a North East Development Framework</b>	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	<b>A</b>
<b>Explore a collaborative approach to strategic mitigation to deliver the mitigation hierarchy set out the National Planning Policy Framework</b>	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	<b>A</b>

# Transport and Connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Transport Delivery</b>				
<b>Deliver transport LGF schemes</b>	<p>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. Concerns about slippage on some scheme, delivery being actively managed with promoters</p>	Project's slip outside LGF funding window.	Helen Mathews	A
<b>Continue to roll out flexible public transport ticketing</b>	<p>Working with Transport for the North (TfN) and partner authorities a specification for an Account Based Ticketing (ABT) Back Office is being developed. This will allow customers to use bank cards and mobile devices to pay for their journey by touching in at the point of entry and exit from the network. The intention is to have a partnership with the major bus operators, with each participating operator (including Nexus, for Tyne and Wear Metro) to sign "Heads of Terms", indicating support of the project.</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 NECA 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 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 Tyne and Wear Metro. Following a successful "Proof of Concept" test on Nexus' system, a competition is now being run, through Digital Catapult North East &amp; Tees Valley, to identify an innovative App Developer who can embed this functionality into a wider Transport App. Although this is an open competition, it has attracted particular interest from local developers, with 14 organisations attending a joint Nexus/ITSO briefing. Shortlisted bidders are being required to develop a "minimum viable proposition" ready to commence Beta-Testing in April.</p>		Tobyn Hughes	G
<b>Continue joint management working of our transport system</b>	<p>Public consultation on Rail North's draft Long Term Rail Strategy started on 16 January, as did that for Transport for the North's (TfN's) draft Strategic Transport Plan: each closes on 17 April. NECA is compiling partner responses.</p> <p>Alongside TfN's formal establishment as a sub-national transport body from 1 April, agreements are in place for transferring Rail North to TfN, to include retention of the North East Rail Management Unit. Regarding the proposed TransPennine Route upgrade, four scenarios submitted to DfT by Network Rail include the possibility of</p>		Helen Mathews	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Continue joint management working of our transport system (continued)</b>	incorporating the HS2 link east of Leeds to the East Coast Main Line. Cost estimates for the route between Manchester and York/Selby range between £2.7bn and £4.7bn. During construction, 2020 to 2026, significant disruption to TransPennine Express services is anticipated, and possible alternative routes are being considered.			
<b>Develop and expand the Urban Traffic Management and Control Centre (UTMC)</b>	UTMC NPIF bid successfully received funding, relocation and refresh of the back office continues.		UTMC team	G
<b>Identify and begin to deliver strategic schemes to enhance connectivity</b>	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.	Guidance on transforming cities bid delayed.	Helen Mathews with local authority Heads of Transport	G
<b>Identify and begin to deliver pinch point solutions</b>	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
<b>Identify and begin to deliver a long term project pipeline</b>	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
<b>Transport Innovation</b>				
<b>Commission the Go Ultra Low Cities Programme</b>	Tender evaluation completed for the award of contract for the filling stations and urgent decision process completed to allow the award of contract. Seven bids were received. Delivery of both sites anticipated to be complete by September 2018 Tender evaluation underway for the rapid charging clusters, 6 bids were received. Decision to award to be taken at NELB Audit of existing infrastructure highlighted significant issues with faults and connectivity, preparations underway to go out to tender. Work started on preparing the research proposals		Helen Mathews	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Regional Transport Planning</b>				
<b>Develop and agree a Regional Transport Plan</b>	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 approved at TNEC. Work commenced on NECA wide Air Quality Strategy and EOI submitted for Sustainable Urban Development fund	North of Tyne devolution and impact on structure of the plan	Helen Mathews	A
<b>Strengthen the alignment between the transport plan and the planning process</b>	Budget and resource allocated to commence work on this action in 2018/19		Helen Mathews	G
<b>Explore opportunities presented to us in new legislation</b>	<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
<b>Develop transport investment programme</b>	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 submitted end Jan 2018, feedback expected end of March 2018	No identified programme of funding, beyond current LGF	Helen Mathews	A
<b>Identify opportunities for improved freight infrastructure</b>	Freight partnership continues, work programme for the next year to be agreed by the partnerships. Input into TfN work stream continues. Partnership support currently being re-tendered. Training offered on terrorism risk and incident prevention well received. Energy savings trust presented to the group on green fleet options and audits for freight operators		Helen Mathews	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Improve transport proposals to employment sites (by 2020)</b>	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		Helen Mathews with Heads of Transport	G
<b>Implement an enhanced public transport offer (by 2020)</b>	<p>Intrusive surveys have been completed on Sunderland station and options appraisal conclude. 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. A economic study into the value of Metro has been commissioned to support this work</p>		Tobyn Hughes	G
<b>National and international connectivity</b>				
<b>Enhance east-west road and rail connectivity</b>	Work on the energy coasts study has commenced – WSP leading on the works. Consultation with regions has started with an opportunity to feed into the study. Highways England commitment to upgrade junctions on the A69	Ensure that the needs of the North East are adequately considered as part of the study	Helen Mathews	G
<b>Develop an initiative to support air, sea and rail transport hubs</b>	Consultation responses being developed to both the Government Major Road Network Consultation and Network Rail East Coast Route study to ensure alignment with local priorities and objectives.		Helen Mathews	G
<b>Make our region HS2 ready</b>	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
<b>Digital connectivity</b>				
<b>Map and influence superfast broad band coverage</b>	<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

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Develop and begin delivery of 5G test-bed</b></p>	<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 11<sup>th</sup> 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> <p>Plan to deliver a 5G component of the Great Exhibition of the North to be in place by January 2018</p>	<ul style="list-style-type: none"> <li>• Change of UK level policy direction</li> <li>• Failure to prepare sufficiently compelling business case in content of UK competition</li> <li>• Regional stakeholder management issues</li> <li>• Capacity constraints</li> </ul>	<p>Lead – TBC</p> <p>Steering Group R.Baker D.Bartlett C.Crawford P.Jackman D.Dunn T.Hardwick</p>	<p>G</p>
<p><b>Explore the potential to develop fibre-optic connectivity to Europe</b></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"> <li>•Market demand</li> </ul>	<p>TBC</p>	<p>G</p>

# 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
<b>Strategic Economic Plan development</b>				
<b>Delivery of comprehensive SEP communications plan</b>	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
<b>Develop and implement evaluation framework</b>	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
<b>Economic information and commentary</b>				
<b>Produce and promote annual 'state of the region' economic report</b>	First annual report launched on 6 <sup>th</sup> march 2018 at Sage Gateshead, with over 200 stakeholder and partners attending. All feedback on the event, report and Data Hub to date has been positive. Options for 2019 report focus to be determined.		Richard Baker	G
<b>External economic commentary</b>	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
<b>Improve economic evidence availability</b>	On-going review of current and potential external data sources underway. Updated slide-sets for each LEP-led SEP programme completed. North East Data Hub developed and launched at Our Economy event in March.  Definition of economic evidence mechanism for Board and sub-Boards, and for partners newsletter remains under review		Richard Baker	G
<b>Research and evidence development plan</b>	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.		Richard Baker	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Informing economic policy nationally and regionally</b>				
<b>Manage key LEP policy contacts in Government and strengthen influencing position</b>	<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
<b>Improving the regional economic evidence co-ordination and engagement</b>				
<b>Build engagement with key research and evidence partners</b>	<p>On-going relationship building with key regional, national and international evidence bodies inc Bank of England; NECC; CBI; Universities; ONS; OECD</p> <p>Economic Evidence Forum with first meeting held during February, with dates for future meetings now in place. Additional membership invitations to be issued during March 2018 This will develop collaborative approach to 'pipeline' of research to lead policy or fill knowledge gaps</p>		Richard Baker	G
<b>Work with partners to develop future local strategies including: sector specific strategies and Local Industrial Strategy</b>	<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	
<b>Total funding available</b>	<b>Capital grant funding £270.1m 2015-21</b>	<b>Total funding available</b>	<b>Capital loan funding £54m evergreen fund</b>	<b>Total funding available</b>	<b>£108m since launch. Including £5.65m of private investment since April 2016</b>
<b>Amount allocated</b>	Over £240.7m fully approved or allocated to stage 1 projects £29.7m in pipeline development. 2017/18 budget of £61m may be slightly under spent .£39.4m spent to end of 3rd Quarter.	<b>Amount allocated</b>	Over £65m invested through the programme to date with repayments underway. Approximately £10m available to invest.	<b>Amount allocated</b>	1,338 new jobs created with 41 businesses located on the EZ sites.
<b>Projects supported</b>	52 major projects approved and a further circa 26 under the Rural Growth Network and Local Sustainable Transport Fund mini programmes. Four projects cumulatively seeking circa £10m are to be considered by the LEP Board at this meeting. Two Innovation and incubation 'mini-programmes' have calls out for projects.  Major project recently approved (International Advanced Manufacturing Park (IAMP) and Gateshead Quays) are in contracting stage.	<b>Projects supported</b>	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 was undertaken through a Project Call. This continues to create early stage interest in the Fund on several fronts. Several project applications are in the pipeline.	<b>Projects supported</b>	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.  Funding approvals for the IAMP and Jade Business Park development have been taken forward with the LGF process.  Feasibility Study approvals are being progressed for four sites to accelerate the development.  A legal agreement is being developed which is required for further project approvals and a full implementation plan has been finalised.
<b>Issues</b>	253 jobs reported for year to end of quarter 3 17/18. Forecast figures suggest performance slightly below contracted figures, often due to delays in projects completing build phase.	<b>Issues</b>	To date in 2017/18, NEIF projects have reported a cumulative jobs total of 290. Figures for Q4 are due to be received from projects during April 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.	<b>Issues</b>	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 – March 2018

## Social Media



Followers: 7,621 (+5.29% since 12 Jan)  
Reach: 230k (Impressions during December)



Followers: 2,601 (+ 8.87% on last month)  
Reach: 40,269 (Impressions during February)

**Benchmarking against top three LEPs on twitter**  
(as of 9 March 2018)

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

8,024

7,153

6,874

6,730



## Top Tweets

### TWEET HIGHLIGHTS

**Top Tweet** earned 8,284 impressions

Going live this year, the **#NorthEastFund** will provide financial support for over 600 businesses, creating around 3,500 over the life of the fund and delivering a legacy fund of up to £80m for further investment in the region over the next decade:  
[bit.ly/2BWOHgw](http://bit.ly/2BWOHgw)

32 20

[View Tweet activity](#)

[View all Tweet activity](#)

**Top media Tweet** earned 3,822 impressions

**@durham\_uni** graduate Richard Carter started his web design business **@peacockcarter** whilst still at University. Read why he chose to **#LiveWorkandStay** in the North East [bit.ly/2zSOVL7](http://bit.ly/2zSOVL7)  
[pic.twitter.com/PDFwJUQgpo](http://pic.twitter.com/PDFwJUQgpo)



Update Title	Date	Im-pressions	Clicks	CTR	Engage't Rate
Regional labour market statistics: Although employment has fallen by 15,000 over the last quarter, the North East has experienced the largest improvement in its employment rate of any region in the UK over the year <a href="https://lnkd.in/gF8CZxy">https://lnkd.in/gF8CZxy</a>	21-Feb	5009	34	0.679%	0.938%
This morning, we welcome 140 careers leaders to our 2nd Careers Leaders' Network meeting. On the agenda: leading careers expert David Andrews OBE discussing the new careers strategy & @BoENorthEast talking about #FinancialEducation @GatsbyEd @CareerEnt @educationgovuk #NEambition	02-Feb	4912	34	0.692%	1.018%
The results of The Princes Trust Youth Index show it's more important than ever that we improve skills and opportunities for young people in the region	23-Feb	4628	30	0.648%	0.994%

Press Coverage  
Jan & Feb 2018

No. Articles  
**130**

### Sentiment:

Positive: 60%

Neutral: 38.5%

Negative: 1.5% (article in Shields Gazette: Slight rise in South Tyneside jobless claimant count)

### Highlights:

LEP Chair Andrew Hodgson hails Durham as a critical asset for the North East: Chronicle – reach 623k

Up to 150 jobs could be created with company's move to North Shields – Chronicle reach 623k

## Upcoming events

26 April – Growth Hub Live - Finance that Function with Giles Andrews. Sign up [here](#).

8 June – Growth Hub Live – Developing international brands with - Christian Howes. Tickets on sale soon.

## Priority actions for the next two months

Action 1 – Produce and publish the North East LEP Annual Review

Action 2 – Agree 12 month events programme for both Corporate and Growth Hub Live events

Action 3 – Produce and publish four promotional brochures for the areas of opportunity

Action 4 – Ensure all areas of communications are GDPR compliant

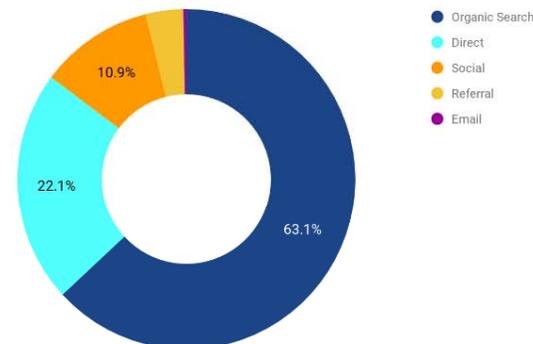
## Website Performance Summary

FEBRUARY 2018



### Performance Summary

- The average site bounce rate has seen a slight increase (5%) this month up to 52%, there is still however a 5% decrease year on year
- Traffic increased via social media in February, up 67% year on year
- Click to email and contact form submissions remain consistent month on month which shows that people are still engaging via the website content
- Month on month sessions have decreased by 2%
- Year on year organic traffic has decreased by 8%



Site sessions: 5032 -2%

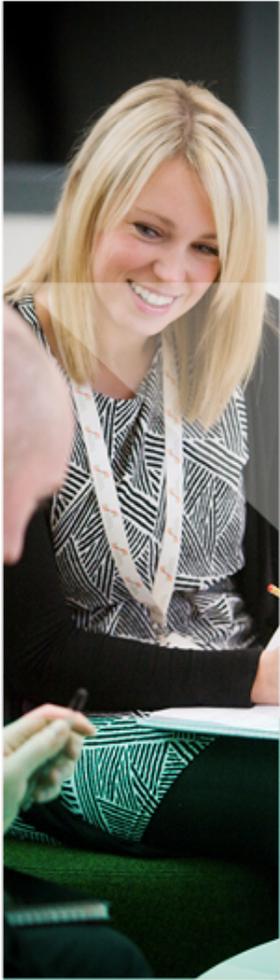
Bounce rate: 52% +5%

General click to call: 4

General click to email: 17

Contact form submissions: 17





# North East

Local Enterprise Partnership



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



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



0191 338 7420



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



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



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

**22<sup>nd</sup> March 2018**

**ITEM 4: Three Year North East LEP Budget**

**1. Introduction**

1.1 At the last meeting, the Board were keen to understand the medium term revenue financial position. This report provides the Board with the current three year revenue budget for the financial period 2018/19 through to 2020/21.

**2. LEP Revenue Budget**

2.1.1 The budget provides the resource to support the delivery of the Strategic economic Plan (SEP) and the capacity within the team to provide the leadership and facilitate the SEPs six programmes.

2.1.2 Table 1 provides a summary of the three year revenue budget for the North East LEP showing financial years 2018/19, 2019/20 and 2020/21. The explanatory notes from section 2.2 to 2.9 provide further information. The budget position for 2018/19 was reported to the North East Combined Authority as the accountable body for the LEP on 16<sup>th</sup> January 2018, and the North East LEP Board on 25<sup>th</sup> January, 2018. No issues were raised and the proposed budget was approved by both Boards.

2.1.3 The overall budget for 2018/19 is £3.087m, funded by a range of Government grant income; a £250,000 core contribution from the seven local authorities; and interest on revenue balances. The budget changes to reflect activity and additional funding sources secured to fund this activity.

2.1.4 Indicative budget figures are shown for the following two years. Inflation of 2% has been built into the estimate of employee costs and where appropriate into a number of the expenditure estimates.

2.1.5 Over the three years, costs are estimated to exceed the available income by up to £283k in 2018/19; £363k in 2019/20 and £333k in 2020/21. This deficit is funded from the LEP reserves in 2018/19 and from an assumed surplus on the Enterprise Zone account in 2019/20 and 2020/21. The LEP Board has previously agreed that, if necessary, up to £500k a year of the potential EZ surplus can be drawn on to help fund the LEP Team costs. The team have live funding bids which if successfully will provide income.

**Table 1 – Three Year North East LEP Budget 2018/19 -2020/21**

	2018/19	2019/2020	2020/21
	£'000	£'000	£'000
Employees	1,483	1,472	1,326
Premises	95	97	99
Communications	247	260	280
Transport LGF Monitoring	215	100	100
Growth Hub Operational Costs	243	238	233
Other Operational Costs	614	626	639
Inward Investment Contribution	140	140	140
Other LGF Costs - Legal Finance	50	50	50
<b>GROSS EXPENDITURE</b>	<b>3,087</b>	<b>2,983</b>	<b>2,867</b>
LEP Core Grant	(500)	(500)	(500)
Local Authority Match Contributions	(250)	(250)	(250)
Local Growth Fund (top slice)	(1,100)	(1,100)	(1,085)
Interest Generated on Funds (inc LGF) to finance the Inward Investments Team	(50)	(50)	(50)
Enterprise Adviser grant	(84)	(50)	(50)
Gatsby Grant	(33)		
Growth Hub	(410)	(410)	(410)
Energy Strategy BEIS	(80)	(40)	
Horizon 20/20	(66)	(66)	(33)
ERDF	(50)	(50)	(50)
NEIF / EZ Contribution to cover activity costs	(100)	(100)	(100)
Contribution from NECA	(30)	0	0
Other Income	(6)	(6)	(6)
NECOP	(45)	0	0
<b>GROSS INCOME</b>	<b>(2,804)</b>	<b>(2,622)</b>	<b>(2,534)</b>
<b>NET BUDGET before use of EZ Surplus /LEP Reserve</b>	<b>283</b>	<b>361</b>	<b>333</b>
Use of EZ Surplus	0	361	333
Use of LEP Reserves	283	0	0
	<b>283</b>	<b>361</b>	<b>333</b>
<b>LEP RESERVES</b>			
<b>BROUGHT FORWARD BALANCE</b>	<b>(631)</b>	<b>(348)</b>	<b>(348)</b>
Movement in Year	283	0	0
<b>CARRY FORWARD BALANCE</b>	<b>(348)</b>	<b>(348)</b>	<b>(348)</b>

## 2.2 Employees

2.2.1 The Employee expenditure budget shows a reduction in 2019/20 and 2020/21 due to a number of fixed term posts coming to an end. These will be extended if further funding is secured and the requirement remains, increasing both costs and matching income in the budget.

- 2.2.2 A 2% annual national pay award assumption has been factored in to the employee budget for all three financial years, but this is still to be negotiated by trade unions in due course.
- 2.2.3 The last NECA triennial actuarial pension assessment reported a healthy pension fund position and a 0% employer superannuation contribution was implemented for LEP staff employed by NECA for the 3 year period 2017/18 to 2019/20. It is expected that this position will be maintained for 2020/21 also, however this is subject to the outcome of the next triennial review and the continuity of accountable body arrangements that link LEP staff with the Transport Pension surplus. When compared to the previous superannuation contribution rate of 20.5%, this provides a significant budget saving of over £200,000 per annum.
- 2.2.4 A staff turnover allowance of 3% has been factored into the employee budget for all three financial years, which is considered to be prudent given experience in recent years.

## 2.3 Premises

- 2.3.1 This 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.

## 2.4 Communications

- 2.4.1 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 2017. 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. It is envisaged that the communications' budget will rise slightly over 2019/20 and 2020/21 to reflect the Board's intent to further promote the work of the LEP, its partners and the North East.

## 2.5 Transport LGF Monitoring and Evaluation

- 2.5.1 The budget for 2018/19 includes carry forward of part of the budget from 2017/18 in relation to schemes not yet delivered. Given the majority of LGF transport schemes will have progressed through appraisal during 2018/19, activity is forecast to reduce from 2019/20 onwards, which is reflected in the reduced budget allocation. Costs are currently being managed by Newcastle City Council, with an evidenced recharge to follow at each financial year-end.

## 2.6 Gatsby and Growth Hub Operational Costs

2.6.1 Non-salary costs in delivery of the Gatsby Foundation and Growth Hub initiatives are forecast to be £243,000 in 2018/19 and reducing slightly as salary related costs increase with inflation as the related grant level remains static over the three financial years. Employee related expenditure is included within the employee's budget heading.

## 2.7 Other Operating Costs

2.7.1 This budget area totals £614,000 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 Employability, Inclusion 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. This budget will increase with inflation as a minimum over the medium term.

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

<b>Delivery Area</b>	<b>2018/2019 Budget (£'000)</b>
Corporate / General	300
Innovation	110
Strategic Policy & Economic Analysis	80
Business Support/Access to Finance	20
Skills	20
LGF Legal and Finance Support	41
NEIF and Enterprise Advisor Delivery	43
<b>Operating Costs TOTAL</b>	<b>614</b>

## 2.8 Inward Investment Contribution

2.8.1 As previously agreed by the North East LEP Board, funding to support Regional Inward Investment activity was to be made available over a 3 year period. The agreed allocation of £140,000 is included in the budget for the three year period.

## 2.9 Income

2.9.1 LEP Core Funding & Strategy Grant Funding – 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 from Government. The Local Authority Match Contribution requirement of £250,000 was agreed at the North East

Leadership Board meeting held on 16<sup>th</sup> January 2018, this will be provided in equal 1/7<sup>th</sup> shares by the 7 constituent Local Authorities. It is envisaged that this will continue over the medium term but is only confirmed by Government in the Spring of the Calendar year to which it relates.

- 2.9.2 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;

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGF Programme Management	1,100	1,100	1,085

- 2.9.3 Enterprise Zone Business Rate Receipts – In November 2014, the Board agreed that business rates growth income surplus of up to £0.5m per annum could be utilised to support the revenue budget if required. The costs being drawn down to cover the direct LEP costs is nil 2018/19 and forecast to be up to £361,000 and £333,000 in 2019/20 and 2020/21 respectively to fund the estimated net budget in those years.
- 2.9.4 North East Investment Fund – A revenue contribution of £50,000 per annum from the NEIF is included within the three year budget. This provides funding to cover the staff and external support time required to manage the fund.
- 2.9.5 Gatsby and Growth Hub Grants – The multi-year Gatsby Foundation funded programme will continue into 2018/19 and onwards. The continuation of the Growth Hub grant funding has been confirmed for 2018/19. The grant level remains at £410,000.
- 2.9.6 Enterprise Advisor Grant - This 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 with match provided through North East LEP resource. Recently a third advisor has been approved with no match requirement. The extension of the full programme has been verbally notified for the academic year; Sept 2017 to August 2018, the budget has been set on this basis.

### **3. Recommendation**

- 3.1 The Board is requested to:

- i. Note the 2018/19, 2019/20 and 2020/21 medium term budget for the North East LEP.

**22 March 2018**

**ITEM 8: Invest North East England - the current inward investment model for discussion**

**1.0 Introduction**

- 1.1 At its meeting on 25<sup>th</sup> January 2018, North East LEP Board Members requested a paper on the current model for inward investment used in the North East LEP area, in order to understand the current approach and to provide background knowledge to inform the basis of a discussion by the Board at its next meeting. The Board were keen to further understand the model and then discuss whether it could be improved.
- 1.2 Therefore, this paper outlines the regional operational inward investment model, Invest North East England (INEE), the services the team provide, the high level inward investment successes for the North East LEP area and how this service is currently funded. The paper finally highlights some key points to aid the discussion.

**2.0 Background**

- 2.1 In April 2012, following the demise of the Regional Development Agency and the Tyne and Wear Development Company, there was no organisation responsible for inward investment services for the area now covered by the North East LEP. Subsequently, following the completion of the North East Independent Economic Review (Adonis Review) in 2013 and the development of the North East Strategic Economic Plan (SEP), the North East Combined Authority (NECA), with support from the North East LEP, created an Inward Investment function branded as Invest North East England (INEE).
- 2.2 INEE was established to provide strategic capacity for inward investment enquiry handling and relationship building, working closely with the individual local authority inward investment teams. In the first instance, a part-time Investment Gateway Manager was appointed, primarily to provide a 'concierge' service, to work closely with partners to coordinate responses to investment enquiries sourced through UK Trade and Investment (UKTI), the North East LEP and the INEE website. Prior to this, UKTI (now Department for International Trade – DIT) had been particularly critical of the arrangements in the North East, believing that there was no clear way for the government organisation to engage with a

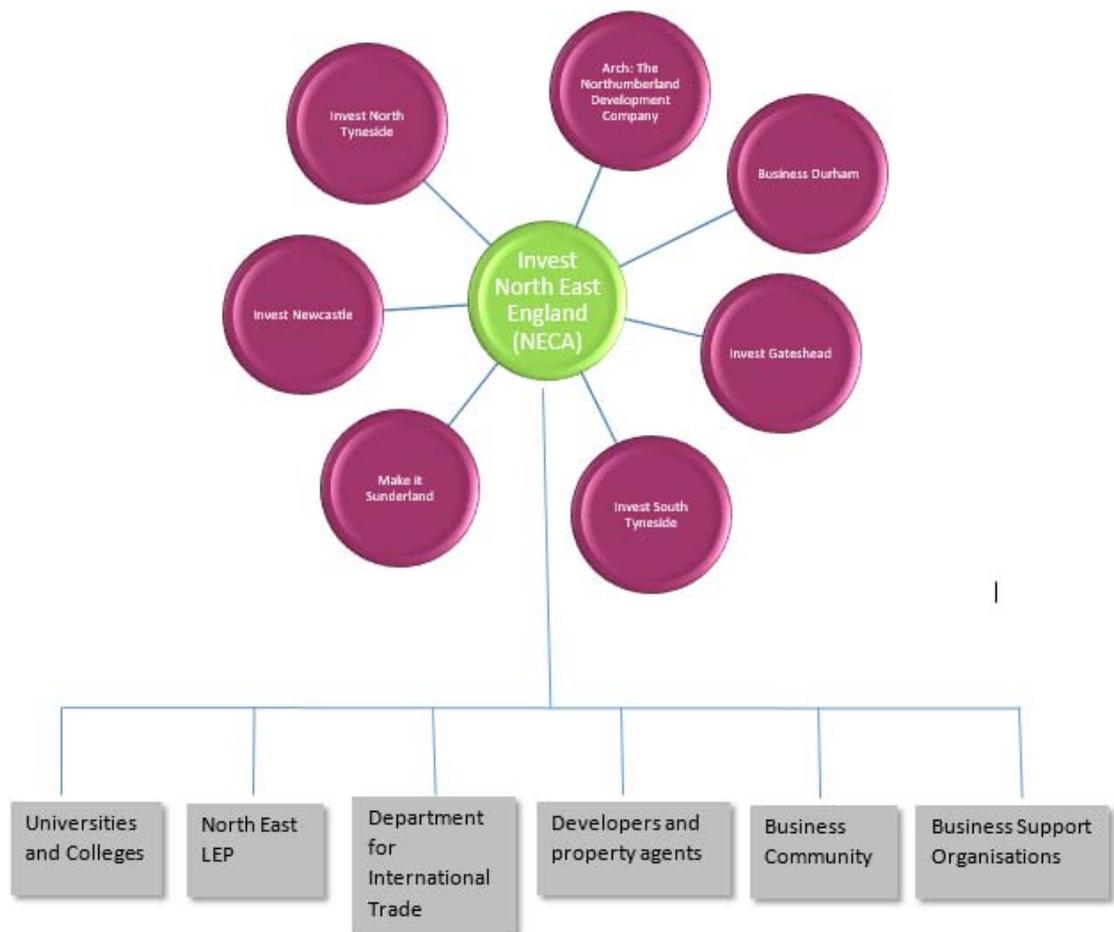
strategic body in the North East to coordinate inward investment enquiries.

2.3 This Inward Investment function aimed to increase the levels of investment flowing into the North East region from both foreign-owned and UK-owned companies, and helped to support the SEP's strategic goal of creating 'more and better' jobs.

### 3.0 Operating Model

3.1 Unlike some other 'regional' inward investment services currently in operation where a single body is responsible for the whole range of inward investment and account management functions, the INEE service was established to operate on a collaborative 'hub and spoke' model with INEE acting as a strategic and cohesive coordinating function working closely with the economic development teams of the seven NECA constituent authorities and other partners including the North East LEP, the universities and colleges, the private sector (particularly the property sector) and various business support organisations. Many of these act as ambassadors for the INEE team selling the benefits of the North East as an inward investment location.

Diagram 1 – The Invest North East England hub and spoke model



- 3.2 The INEE Team comprises of 3 team members, led by and including Guy Currey, the Inward Investment Director.
- 3.3 The INEE service is not responsible for account management of existing companies. This role is the responsibility of local authority teams. This is important because approximately 85% of all foreign direct investment into the North East comes from re-investment by existing investors (e.g. Nissan). INEE's role is to attract completely new investors into the region.
- 3.4 Until the beginning of 2017, the service provided by INEE had been purely reactive, coordinating regional responses to enquiries received from DIT, the North East LEP and direct to INEE. However, significant progress had been made during this time, building relationships, raising profile and preparing for an agreed proactive approach. External consultants have now been commissioned in a number of areas, including communications, to increase the capacity of the team, whilst retaining a small number of core staff.
- 3.5 The INEE Business Plan agreed by Economic Directors in July 2016 set out how the regional service would move forward to a more comprehensive, strategic and pro-active approach, which would continue to work closely with, and add value to, the constituent authorities' activities, aimed at attracting new investment to the North East and build upon the goodwill and genuine co-operation that has developed through the hub and spoke model. INEE has forged very close working relationships with all seven local authorities and works closely with them on all its activities.
- 3.6 In February 2017, OCO Global, a specialist international lead generation consultancy was appointed on an initial six month contract (with a view to a longer arrangement) to source qualified inward investment leads and projects for INEE. The contract also provides for introductions to key multipliers and intermediaries to spread the North East messages, improve its visibility and reputation, and provide company leads through multiplier networks.
- 3.7 Therefore, INEE is responsible for delivering a range of services and activities including:
- Generating inward investment enquiries for the North East through a range of marketing and communications activity and its lead generation contract.
  - Managing the INEE pipeline of potential investment projects, both DIT and direct enquiries. The local authorities are briefed on this confidential pipeline at the monthly partnership Investment Gateway Meetings to provide transparency of INEE work. At the end of February 2018, the active INEE pipeline numbered 139 projects.
  - Developing bespoke propositions for investment enquiries and providing detailed information to DIT for specific DIT-sourced enquiries.

- Arranging and supporting inward investor visits to the region where the investor was interested in a range of assets and sites across the region. Visits would include viewing sites and properties, meeting key businesses and umbrella organisations, meetings with academics and R+D facilities, discussing financial assistance and EZ benefits, hosting dinners etc.
- Developing and maintaining key sector information and statistics through a series of sector 'Toolkits' which provide detailed information on a range of sectors and sub sectors. This information forms the basis for developing propositions and key selling messages.
- Developing and maintaining a range of marketing and communications resources orchestrated through the quarterly marketing and communications group (which includes local authority inward investment marketing leads), including:
  - Brand guidelines
  - Website
  - Sector/sub sector brochures (digital and printed)
  - Social media presence
  - Coordinated and integrated marketing and communications plan
  - Events Plan
  - PR press releases, sponsored blogs and targeted paid content
  - Sector specific marketing campaigns
- Organising and attending a variety of sector exhibitions and events to promote the region.
- Providing regional overview presentations on the region's key sector strengths and opportunity areas for DIT/Chamber of Commerce inward missions for overseas company delegations.
- Contracting with DIT to provide Key Account Management resource, this is then sub-contracted to Local Authorities to deliver in house.

#### **4.0 Funding**

- 4.1 The budget for the INEE team for 2018/19 is £460,000. This is the same level of funding as in 2017/18. This funding is made up of:
- £140,000 from local authority contributions (£20,000 per authority)
  - £310,000 from the North East LEP
  - £10,000 from the private sector (sponsorship for events).

#### **5.0 High level successes for the North East LEP/NECA area**

- 5.1 Since 2014, INEE has been collecting data on the inward investment successes into the North East. This is compiled by working with local authorities to verify the successes for that local authority area. These will include successes that involved, at one level, significant input from the local authority, INEE, and national inward investment teams, through to 'uninvolved' successes that happened without any involvement from any public authority. The results for the North East LEP area since April 2014 are set out below in table one.

Table one - Overall Inward Investment Successes into The North East LEP area April 2014 to December 2017

Sector	Total FDI Projects	Total UK Projects	Total FDI Job Creation	Total UK Job Creation
Software / IT	47	20	2043	389
Financial Professional and Business Services	29	44	3816	3,606
Oil/Gas/Offshore (incl. Marine)	20	10	1123	359
Life Sciences	16	6	289	408
Automotive	35	4	2246	122
Other Advanced Manufacturing (incl. Chemicals)	83	14	2040	299
Other	9	8	176	133
<b>Totals</b>	<b>239</b>	<b>106</b>	<b>11,733</b>	<b>5,316</b>

5.2 It is worth noting that an analysis of DIT success data for the last full year, 2016/17, shows that the North East LEP area is outstripping every other area of the UK outside London for creating new jobs from foreign investment compared to population size. Particular strengths in the digital, advanced manufacturing, financial and professional services and energy sectors helped the North East LEP area secure 3,160 jobs from foreign direct investment and reinvestment per one million working age people, compared with the UK average (including London) of 1,600 jobs.

## 6.0 Proposed key discussion points

6.1 The purpose of the report was to provide the background information to enable a Board discussion around inward investment. The following three paragraphs set out proposed discussion points.

6.2 **Funding the INEE team in the medium term** - In light of the proposals for a North of Tyne Devolution Deal, the role of the regional INEE team has been discussed as a key element of the inward investment landscape in the proposed new organisational arrangements post-devolution. All seven local authorities have stated their commitment to continuing the regional inward investment team under the brand Invest North East England. This is a view also widely supported by the business community. There has been no explicit agreement to the length of time a regional resource would be supported by the seven local authorities, but in order to effectively plan the service, a medium term commitment is required, in terms of funding and operating model.

6.3 **The host organisation for the INEE** – Again, in the context of devolution, the seven local authorities will need to confirm whether the NECA should remain the host organisation for INEE, primarily in

terms of the employer and accounts, or whether a different approach is proposed.

#### **6.4 Building a stronger regional resource**

Building on the success of the current INEE model, some public sector and business organisations have been calling for a stronger regional inward investment service with more resources to be developed. This would require securing additional sources of funding.

#### **7.0 Recommendation**

- 7.1 The Board is asked to note and discuss the contents of the report. The output of the discussion will be fed back to the seven local authority Chief Executives to inform further discussions on the INEE team.