

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

Thursday 26 July 2018 at 5.00pm

Held at Ward Hadaway, 102 Quayside, Newcastle upon Tyne, NE1 3DX

DRAFT MINUTES to be ratified at the LEP Board on 27 September 2018

Present:

Andrew Hodgson	Chair, North East LEP
Gillian Hall	Watson Burton
Andrew Moffat	Port of Tyne
Heidi Mottram	Northumbrian Water Group
Mark Thompson	Ryder Architecture
Kate Wickham	Gate7 Group
Councillor Martin Gannon	Leader, Gateshead Council
Councillor Graeme Miller	Leader, Sunderland City Council

In Attendance:

Louis Taylor	Whitehall Senior Sponsor for the North East LEP
Adrian Coates	North East Area Lead, Department for Business, Energy and Industrial Strategy
Helen Golightly	Chief Executive, North East LEP
Paul Woods	Section 73 Officer, North East LEP
Colin Bell	Business Growth Director, North East LEP
Richard Baker	Head of Strategy and Policy, North East LEP
Gillian Kelly	Sunderland City Council

Apologies

Farooq Hakim	Oracle
David Land	Drive 2 Business
Ammar Mirza	AmmarM (UK) Limited
Councillor Nick Forbes	Leader, Newcastle City Council
Councillor Simon Henig	Leader, Durham County Council
Councillor Peter Jackson	Leader, Northumberland County Council
Councillor Iain Malcolm	Leader, South Tyneside Council
Mayor Norma Redfearn	North Tyneside Council
Prof Andrew Wathey	Northumbria University
Karen Redhead	Derwentside College

1. WELCOME FROM THE CHAIR AND OPENING REMARKS

The Chair welcomed everyone to the meeting and thanked them for their attendance. The Chair welcomed Louis Taylor and Adrian Coates to the meeting.

Louis Taylor introduced himself, explaining that he was the Chief Executive of UK Export Finance and a member of the Board for International Trade, and was the Whitehall Senior Sponsor for the North East LEP with a role to assist the LEP in discussions with the Government.

Board Members were made aware that the meeting was inquorate, however the Board’s recommendations would be sent to Board members for agreement by written representations after the meeting.

HG

2. DECLARATIONS OF INTEREST

Gillian Hall declared an interest agenda item 5 ‘Funding Update and Decisions’ as a Port of Blyth Commissioner.

3. MINUTES AND MATTERS ARISING

The minutes of the Board meeting held on 7 June 2018 were agreed as a correct record.

Board Decisions

The written representations had been completed to ratify the decisions made at the last Board meeting.

4. SEP DELIVERY PLAN PROGRESS UPDATE

The Board received an update on the delivery plan setting out the progress against Strategic Economic Plan (SEP) actions and the performance against plan targets since 2014.

The Chief Executive explained that the delivery plan set out the activity which was taking place under each of the six programmes which sat within the Strategic Economic Plan (SEP). The Board were reminded that the SEP set out the ambition for the region and that the LEP team was responsible for the delivery of some elements of the programme and partners were responsible for others.

The Chief Executive reported that there had been a number of announcements during the week following the Cabinet visit on 23 July. The North East LEP had been selected, along with five others, to be in the

second wave of the development of Local Industrial Strategies and this would align well with the SEP update process. There had also been announcements in relation to innovation funding.

The conclusions of a Government review into Local Enterprise Partnerships had been published and this had been viewed as a positive document, providing clarity on the roles and responsibilities of the LEP and setting the rules of the game moving forward. The context of the review showed what the North East LEP did already and it was helpful to see it articulated in this way. It was necessary to respond to the Government on the review by September and a report would be brought to the next Board meeting.

HG

Turning to the delivery plan update, it was noted that there were a number of amber ratings for actions and in relation to the development of local authority statutory plans, the Chief Executive advised that she had written to each of the local authorities who had not adopted a plan and asked for the timelines for these and assurances that the plans would reflect the ambitions of the SEP.

The Communications update was highlighted to Board Members and the positive publicity was noted.

Board Members referred to projects within the plan which did not seem to have moved forward for some time. The Chief Executive stated that the actions within the delivery update were taken directly from the SEP document and were actions agreed by the Board for delivery by the wider partnership, rather than delivery by the LEP itself. It was therefore not appropriate to remove items from the list and progress would continue to be reported. Where partners were not delivering effectively, this was being addressed by the LEP team.

The project pipeline was one of the most important areas of focus and the review of the SEP would aim to draw out the strategic projects in the region and flag up which were within the updated SEP and which were part of the Local Industrial Strategy. There had been slow progress in some areas due to financial resources and it had been expected that a number of projects would be delivered through European funding but they had not been eligible for or successful in obtaining ESIF finance.

It was also noted that a lot of the KPI data related to the end of 2017 and it was explained that this was the current data source, however figures had just been received up to the end of March 2018 and this would be updated for the next Board meeting. It was highlighted that the data had shown a significant fall in unemployment and also a small fall in employment and there had been a press statement on this. It was requested that the updated KPI data be circulated by email as it became available.

RB

The Board NOTED the Programme Delivery Update.

5. FUNDING UPDATES AND DECISIONS

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

Having considered the report, the Board **RESOLVED** that: -

- (i) Enterprise Zone funding for capital expenditure of up to a maximum £12,498,428 for an Enterprise Zone site be approved, with a maximum of £11,867,929 being made available now, subject to conditions and the LEP Chief Executive be authorised, in consultation with the NECA Monitoring Officer and Section 73 Officer, to finalise any further funding conditions and final funding amount within the capped budget total;**
- (ii) Enterprise Zone funding for capital expenditure of up to a maximum of £8,201,697 for an Enterprise Zone site be approved subject to conditions;**
- (iii) NEIF loan funding of up to £1.5m to the Common Room for the Great North Ltd be approved to renovate and own Neville Hall in Newcastle subject to conditions;**
- (iv) additional gap funding towards the infrastructure works on Integra 61 be approved through a partnership funding agreement with Durham County Council consisting of a £700,000 LGF grant and £300,000 NEIF loan and the associated change in the mix of funding for the Jade Enterprise Zone site be agreed;**
- (v) a revision to the Investment Board terms of reference be approved to enable it to approve programme entry for projects seeking NEIF loan funding of less than £5m;**
- (vi) authority be delegated to the LEP Chief Executive in consultation with the LEP Board Chair to invite, as appropriate, Government shortlisted North East Institute of Technology (IoT) projects to submit a business case application for support from the ring fenced £1.2m LGF budget, with funding to be determined in due course by the Investment Board;**
- (vii) the announcement by the Careers and Enterprise Company decision to fund the North East LEP led 'North East Careers Hub' for two more academic years be noted and authority be given to the LEP Chief Executive, in consultation with the NECA Monitoring Officer and Section 73 Officer, to enter into a funding contract with the Careers and Enterprise Company; and**
- (viii) the one year delivery progress and pipeline demand for the two year pilot North East Property Fund as set out in section 4.6 of**

the report be noted.

6. BUSINESS GROWTH

Colin Bell, Business Growth Director delivered a presentation on the Business Growth Programme.

The Business Growth Programme aimed to grow the number of scaleups by 50% by 2024 and the programme was structured around stimulating the demand for business support and developing the ecosystem to effectively fulfil demand.

The North East Growth Hub had been operation for some time and was an impartial and objective system, offering triage, diagnosis and signposting. The level of service provided related to business complexity and potential economic impact.

It was noted that there were 178 companies on the Scaleup North East programme and it was the aim to have 675 businesses involved in this over a three year period.

In relation to points raised about employees within the Business Growth initiative, it was highlighted that part of the programme was about creating great leaders, recognising and rewarding talent and there was excellent practice and great ambassadors within the Scaleup programme. It was noted that a lot of organisations did not like to publicise this work.

It was necessary to get the story out there and it came back to the issue of growth and ambition, with productivity needing to be driven from the top. Companies had been linked up with exemplar organisations and that they often had the confidence to think bigger when placed with a mentor.

There had been fantastic work in getting the infrastructure set up for the programme but this was now moving to another phase and there needed to be a steer to create a level of ambition. It was possibly the time to make demands of the businesses which were involved and there was now capacity and capability to push up the number involved.

Board Members requested that more information be provided on outcomes and outputs, the route to market and KPIs. It was highlighted that supporting indigenous business had a knock on effect on the local economy and whilst the focus was on 'more and better jobs' it was recognised that level one and two jobs were needed to get people into the workforce. It was clear that the LEP needed to be working proactively with businesses.

Having thanked Colin for his presentation, **the Board NOTED the Business Growth Update.**

CB

7. NP11 UPDATE

The Board received a report advising that the Chairs of each of the LEPs within the Northern Powerhouse geography would sit on a newly formed, government funded Board called the 'NP11'. The Board would be tasked to act as one voice for the North, to work with and advise the Government on issues such as how to increase productivity, overcome regional disparities in economic growth and tackle the historic north-south divide.

The NP11 would meet monthly and reports would be brought back to the North East LEP Board.

The Board NOTED the report.

8. STRATEGIC ECONOMIC PLAN UPDATE AND PROGRESS

The Board received a report providing an update on the progress which had been made on the update of the Strategic Economic Plan and setting out a proposal to introduce digitalisation as a key cross cutting theme.

Board Members were advised that a steering group was now in place to lead the update and was meeting regularly. Following the announcement in relation to the Local Industrial Strategy that would be built in to the process to be co-developed alongside the SEP update.

It was planned to hold an engagement event on 19 September which would be targeted at partners working in the key areas of opportunity.

Discussions had taken place regarding the current group of six targets for the SEP, however one of these would have to change as the data set was no longer available. This was the target around GVA per full time employee which it was proposed to change to GVA per hour. The information on hours worked would be taken from the labour force survey and then aggregated to represent the numbers in the population. Care needed to be taken with how this was reflected within the update and this was the only target showing an adverse output.

It was proposed that the narrative on digitalisation was strengthened within the SEP, recognising that it was a significant element of the Local Industrial Strategy and was coming through in a number of other programmes. There was an opportunity for growing the digital sector in the region and also to promote wider digital transformation.

Regular engagement sessions were welcomed by Board Members and the Chief Executive advised that along with the session on 19 September, the launch was scheduled for 14 February 2019 with another event planned for 30 April 2019.

The Board RESOLVED that: -

- (a) the progress being made on updating the SEP be noted; and**
- (ii) the proposed approach to digitalisation to inform the update be supported.**

9. UK SHARED PROSPERITY FUND AND FUTURE INVESTMENT INTO THE NORTH EAST ECONOMY

The Board received a briefing paper on the forthcoming consultation on the UK Shared Prosperity Fund (UKSPF) which was being positioned to replace European funding from 2021, in addition to other regional funding sources.

The UKSPF was currently in a pre-consultation phase with a formal consultation being planned for later in the year. The North East Brexit Group was preparing for the consultation and report provided the background to the emergence of the UKSPF and the key issues likely to emerge in the consultation, and summary evidence about the current and past sources of regional economic investment funding into the North East.

North East partners believed that the UKSPF should be devolved, long term funding which would be administered locally. It was also felt that the UKSPF should link with the SEP priorities and Local Industrial Strategy would draw down the industrial element, however this was not current Government thinking.

It was queried what the quantitative ask would be from the UKSPF but it was noted that this would be dependent on what the fund was replacing and was something for the Brexit Group to consider. The Chair stated that as a LEP it would be necessary to understand what was needed to deliver the SEP and that a sensible approach should be taken to the quantum and mechanisms to be used.

The Chief Executive highlighted that it was critical to understand what was an optimum and realistic amount of funding and to have the evidence to support this. The North East LEP need to have its competitive story ready, as distribution of UKSPF was likely to be a competitive rather than allocated process.

The Board NOTED the content of the report.

10. DEVOLUTION AND COMBINED AUTHORITIES TRANSITION

The Board received a report providing an update on devolution and combined authorities transition. The final Order from Government had been laid on 24 July and this would be implemented in late October/early November 2018.

NECA had established an operations transition programme to execute the Deed of Cooperation and the requirements of the Order. The four key programme areas would be Corporate Governance, Transport, Employment and Finance.

The Board NOTED the content of the report.

11. ANY OTHER BUSINESS

North East Careers Hub

The Chair welcomed the news that the North East had been named the lead careers hub and hoped that this would enable the region to move forward and become more engaged in the secondary education debate.

12. DATE AND TIME OF NEXT MEETING

The next meeting of the LEP Board would take place on Thursday 27 September 2018 at 5.00pm.

ACTION LOG

<u>Action</u>	<u>Lead</u>	<u>Update</u>
All Board decisions to be ratified through written representation following the meeting	Helen Golightly	
Report on Government review of Local Enterprise Partnerships to be brought to next Board meeting	Helen Golightly	
Updated KPI data for the Delivery Plan be circulated to Board Members	Richard Baker	
Information on the outcomes, outputs, route to market and KPIs for the Business Growth programme to be provided.	Colin Bell	