

# North East Local Enterprise Partnership Board



Thursday 27 September 2018

17.00 – 19.00

Venue: The Lake Room, Quadrus Centre, Boldon  
Business Park, Woodstock Way, Boldon Colliery,  
NE35 9PF

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Declarations of interest** (5.05pm)
3. **Minutes of the last Board Meeting held on Thursday 26 July 2018** (5.05pm)  
The Board will be asked to agree the Minutes.
4. **SEP Delivery Plan** (5.10pm)  
Helen Golightly to present to the Board.

*Items 5 and 6 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.*

5. **Funding approvals** – confidential paper attached (5.20pm)  
Paul Woods to present to the Board.
6. **North East Investment Fund**– confidential paper attached (5.35pm)  
Paul Woods to present to the Board.
7. **Innovation Theme** – Paper attached (5:55pm)  
Alan Welby to present to the Board.
8. **Science and Innovation Audit** – paper attached (6.25pm)  
Alan Welby to present to the Board
9. **LEP Review** – paper attached (6.35pm)  
Helen Golightly to present to the Board
10. **Company Membership** – Paper attached (6.50pm)  
Helen Golightly to present to the Board.
11. **Any Other Business** (6:55pm)
12. **Date and Time of next meeting – Thursday 29 November 2018 from 5 - 7pm**

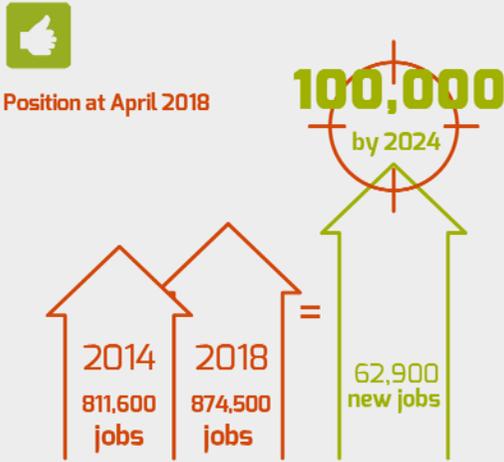
# North East Strategic Economic Plan Programme Delivery update

September 2018



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

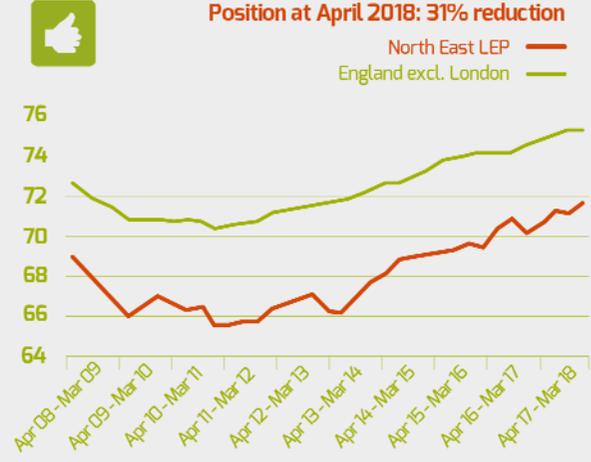
**Target** Increase the number of jobs in the North East economy by 100,000 by 2024



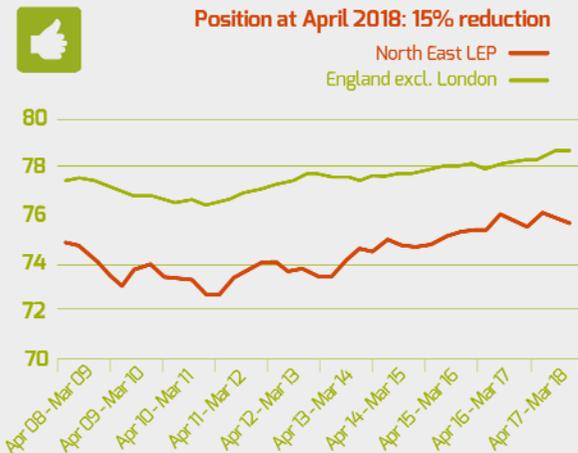
**Target** 70% of all jobs created from 2014 will be better jobs



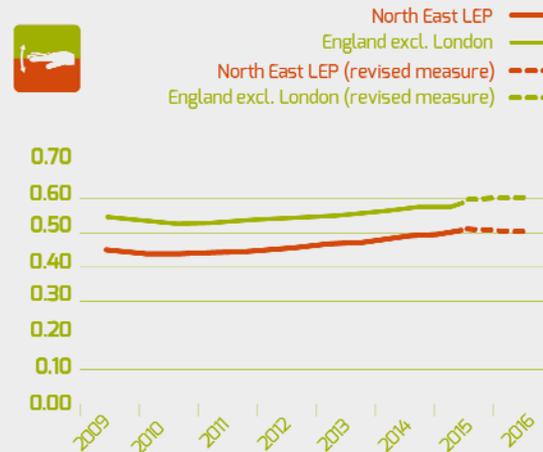
**Close the gap in the employment rate for people aged 16-64**  
**Target** 100% reduction in gap by 2024



**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



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

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or region in the United Kingdom. GVA per full-time equivalent (FTE) job is a way of measuring the productivity.

Again, the GVA per FTE is lower in the North East LEP area than in England excluding London. Progress: 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 the FTE element of 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) and there is a case that it would be more appropriate to use a GVA per worker or GVA per hour figure as an alternative. As a result, this target is being reviewed by the North East LEP, in consultation with partners.

# Innovation Programme | Lead: Alan Welby

## 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>	<p>A draft Innovation Observatory report has been received to be presented to the next Innovation Programme Delivery Board (29/11/18) for consideration and discussion.</p> <p>This will be used to inform the next steps of development in considering routes to link research excellence and fore-sighting to business need.</p>	<p>Long-term funding is still to be confirmed</p> <p>Information developed is not shared or not shared in a way which meets business need.</p>	Alan Welby with Durham Uni	A
<b>Set up a programme to support the development of a stronger innovation network environment in the region</b>	The Super-Network programme is running providing a cross-network platform for NE Innovation. The ERDF extension has been awarded enabling additional work to be undertaken. Closer working is being supported through the joint LEP-Supernetwork team meetings that have started and with the secondment of Angela MacOscar into the LEP to work on the INVITE project.	SuperNetwork is not adequately embedded in LEP Innovation activities.	Alan Welby	G
<b>Develop programme to support growth in number of incubators and innovation hubs</b>	The second round of the Incubator call has been launched with 4 applications from the first round invited to progress to full application stage. The call closes in November however 5 projects have shown interest in applying.			
<b>Communicate the proof of concept funding landscape to business</b>	<p>Planning is underway for the 2018 VentureFest (14<sup>th</sup> November).The Finance Camp event was held on the 5<sup>th</sup> July.</p> <p>The launch of the North East Fund included the Northstar Innovation Fund worth £27m.</p>	<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>	Alan Welby	G
<b>Established North East Innovation Leadership</b>	The SEP update process is being taken forward with a review of the Innovation Programme being led by a small steering group established by the LEP to consider the next stage in the innovation programme.	<p>Innovation Leadership is not recognised or understood by partners.</p> <p>Role not recognised in Government funding approaches</p>	Alan Welby	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Secure support for relevant national Science and Innovation Audits</b>	The Science and Innovation Audit has been provided to government with initial feedback being positive. A fuller report is included separately on the agenda.	Delivery of audits is incomplete or is not embedded in national policy.	Alan Welby	G
<b>Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network</b>	The relationship with Innovate UK continues to be strong with the new InnovateUK colleague attending the recent Strength in Places and Industrial Strategy Challenge Fund events; however the current North East lead (Steph Morris) is moving to a new job. The new appointment is not in place. Good on going partnership with the Catapult Network.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Alan Welby	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>	The second Innovation Project development call is live until the end of November with review points at the end of September. One application has been received by the last review point although there is a strong pipeline of interest.	Projects do not deliver the Innovation Programme strategic objectives.	Alan Welby	G
<b>Establish at least one test bed facility</b>	The 5G team delivered a bid submission for the national 5G Urban Connected Communities Project. Unfortunately this was unsuccessful for government funding (coming second); however the private sector partners remain engaged with the North East project and the project team continues to develop the project, potential funding routes and commercial models.	Government and/or the market do not back this.	Alan Welby	A
<b>Set out long term North East Innovation Infrastructure needs</b>	A new narrative and programme to develop our asset base will be undertaken during 2018. Plan to take to Innovation Board in January 2019.	The programme is incomplete or not based on evidence.	Alan Welby	G
<b>Smart Specialisation – Focus on four key sectors</b>				
<b>Produce four Smart Specialisation strategies</b>	To be reviewed during the SEP update to ensure appropriate actions are taken forward.	All strategies are not completed or do not bring together the right sector lead partners.	Alan Welby	A
<b>Establish the Data for Growth project</b>	The Data for Growth project has been completed with the findings incorporated into the Science and Innovation Audit process which will produce a shared action plan.	Lack of a clear lead partnership to deliver against Data for Growth delays progress.	Alan Welby	G
<b>Establish a challenge approach for the Health Quest North East project</b>	The Health Quest North East project requires an alternative approach due to an absence of appropriate funding routes to take the current approach forward. This is still supported by the outcomes of the County Durham pilot project which has highlighted the need to consider alternative funding approaches to achieve the aspiration.	Funding for project is not secured.	Alan Welby	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 a 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>				
Scaleup North East Programme	147 businesses are now accepted onto the programme, working across the team of five Scaleup Partners. Solutions' providers are endorsed and meeting client scale-up needs. Scaleup Summit in development, November 2018. Working with the What Works Centre and the Scale Up Institute to develop evaluation proposals.	Fulfilling demand. Maintaining high quality.	Colin Bell	G
Growth Hub: High Potential	Procuring research on high growth start-ups to inform programme development.	Successful procurement	Colin Bell	G
<b>Inspiring leaders: Encouraging and facilitating peer mentoring and introduction</b>				
Growth through Mentoring	To date, 41 matches made and our pool of mentors has grown to 41. We are in procurement for an independent evaluation of the programme. We are continuing to work with 'Be the Business' to integrate their Mentoring programme, focused on productivity improvements. Launches 30 <sup>th</sup> October.	Retaining high quality mentors and growing mentor numbers to match demand. Attracting suitable mentees	Helen Lee	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	20 investments made (up from 12 at last report), total value £4.9m (up from £2.6m). 51.9% (value) and 50% (number) are Newcastle-based; interest across the region; highest investments are in Northumberland. Engagement activity is on-going with partners including expansion of the engagement team.	Failure to attract high quality investment bids.	Michelle Rainbow	G
Rural Growth Network (LGF)	Programme value = £ xm 20xx to 20xx. 21 projects are complete, 9 in progress. Spend up since last report, now 69% of programme target. Job creation 28.5 jobs which is 42% of programme target.	Delays in project completions not achieving required outputs.	Dinah Jackson	A
RDPE (Rural Development Programme for England) (EAFRD)	The programme is now closed to new applications. Final pipeline is 128% of allocation. There will be some attrition during full application phase, currently a rate of 28%. As at 16 August, of the 159 EoIs received, 135 endorsed for full application and 24 projects contracted.	Low levels of demand. Process timescales.	Dinah Jackson	G
<b>Support business growth focused on areas of opportunity</b>				
Work with sector groups	Scaleup North East, launching October 2018 and integrating with sector deals. ERDF and LGF resources secured. NP11 supply chain work stream continuing.	Securing match funding for Supply Chain Programme. Driving awareness and demand.	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Growth Hub: A single access point for business information, advice and financial support</b>				
An effective platform and events programme	Two Growth Hub Connectors are now in post and providing 1-2-1 support to businesses. The platform continues to develop and interest is strong, currently interaction with the Growth Hub is 79% of annual target (2018/19).	Growth Hub doesn't generate leads effectively.	Jen Robson	G
<b>Building our trade flows: Increase export activity</b>				
Building trade flows	Government has published a new Export Strategy and is progressing with the new contracting arrangements for ERDF-funded export support.  North East Export Strategy to be developed.	Future DIT model does not meet the needs of the North East.	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	<p>Figures for the first quarter of 2018/19 are currently being finalised, however it has been a steady start to the year with significant projects expected to land in Q2 and Q3.</p> <p>Promotional videos across the five key sectors plus a generic North East England video are being produced. These will showcase companies operating in the North East plus regional key selling messages to highlight the region as a desired investment location. Due to be delivered October 2018.</p> <p>INEE continues to have a presence at some national and international events which complement the key sectors. One key event is MIPIM UK which INEE will attend alongside nine private sector partners and the seven NECA local authorities.</p> <p>NECA continues to deliver the DIT Key Account Management Programme through circa £153k of DIT Northern Powerhouse funding. NECA has sub contracted with six local authorities to deliver this programme for 2018/19.</p> <p>On-going concern that key competitors have access to financial incentives not available in the North East, notably Sheffield £27m+ pot for inward investors and same for indigenous, Leeds £13m, Tees Valley £10m, Liverpool £30m and incentives from devolved administrations.</p>	<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	<p>Proactive lead generation work continues, primarily focused on companies based in London and South East England, with additional focus on opportunities in Ireland, in digital and as financial, professional and business services sectors.</p> <p>A new website Energy Gateway North East England was launched (July 2018) to highlight the regions Offshore Sector. This is the result of on-going work with local authorities and the three main ports to help promote and provide opportunities for the region's offshore energy sector and supply chain.</p>		Guy Currey	G
<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	<p>Growth Hub: The Growth Hub Connect service will provide direct recourse to deploy in response any economic shocks or changes. We are publishing a Growth Hub toolkit on resilient business.</p> <p>Programmes: The emerging Supply Chain North East programme will address potential impacts of Brexit to SME businesses.</p>	Poor coordination between partners.	Colin Bell	G

# Skills Programme | Lead: Michelle Rainbow

## Goals

### Our vision for 2024:

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

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.</b>				
<b>Support secondary schools and colleges who wish to adopt the benchmarks</b>	<p>The North East LEP has secured a 'Careers Hub' for the region – 1 of only 21 hubs nationally. Each 'Hub' will be supported by a 'Hub Lead' and Enterprise Coordinators to ensure progress and impact are maximised Hubs will be formed at the beginning of academic year 2018/19. Recruitment has commenced for the role of Hub lead. Additionally we have been recognised as the lead Careers Hub nationally and will be given remit to support the successful development of the other twenty hubs across the country. We are currently working with the CEC to shape this and advising on Career Leader Training Materials, Training for Career Hub leads and the development of benchmark videos featuring 10 NE schools and 9 NE colleges. The regional scale up of North East Ambition continues; almost 150 secondary schools out of 170 are now engaged and all 9 colleges have adopted and are working towards the benchmarks. The next NE Ambition event will take place in September. Additionally we have commissioned a data hub which will provide access to school level performance data. Phase 1 will be completed by October.</p> <p>We have been working closely with BBC Learning and advising on the development of BBC Bitesize a resource that is proven to improve education outcomes but underused in the NE. Further discussions are taking place to ensure Bitesize supports the new national careers strategy and to use the resources of the BBC to run employer events in schools and colleges.</p>	There is misalignment with the Careers & Enterprise Company (CEC), workings nationally, and the LEP, working locally.	Michelle Rainbow	G
<b>Ensure all secondary schools have access to Enterprise Advisers</b>	121 Enterprise Advisers have now been recruited from a broad range of both large employers and SMEs. 64 EA's are male and 57 are female, giving us a good gender balance. 100 schools and colleges have now completed and returned their audit documentation and now have access to Enterprise Advisors. If approved by the ESF Managing Authority, ESF funding will enable the North East Ambition project to scale up activities of the EA network and increase the number of the Enterprise Coordinators within the team to give capacity to support each and every school and college in our region and ensure that SME's.	<p>Changes in government and policy may mean a change to the funded element of the programme.</p> <p>Securing ESF to enable the scaling up of activity and provision.</p>	Michelle Rainbow	G
<b>Develop and deliver the Pupil Mentoring programme</b>	RTC North and Young Enterprise delivery has been going well. Feedback and take up from schools has been positive. The North East LEP is currently participating in the end of year evaluation of these programmes as part of the CEC national evaluation.	Initial projects are funded to Sept 18, but successful projects will be funded to 2020.	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Develop and roll out a pilot Primary Schools Benchmark programme</b>	The North East LEP has secured a commitment for co-funding from the EY Foundation to deliver a primary benchmark pilot. We expect final 'sign-off' in September. From this point we will begin to establish the systems and structures required to deliver the pilot, including recruitment of Facilitators and Schools. We anticipate the pilot starting delivery in primary schools by January 2019. The Department for Education are supportive of our work and are interested in the outcomes of the pilot, as are the CEC who will in due course start to consider how career guidance is delivered nationally in a primary setting. We have provided details to the Minister who included information in a House of Lords debate in July 2018.	Funding is note secured or is withdrawn	Michelle Rainbow	G
<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>In the North East, Durham Sixth Form Centre, Gateshead College, New College Durham and St Thomas More Catholic School (Gateshead) will be the first providers of T-levels. The Principal of Gateshead College is part of a national group working with the FE Commissioner, and Sunderland College have been involved in the industry placements pilot. Vice Principal for Curriculum and Achievement at Sunderland College, stated the industry placement pilot has been extremely beneficial to the College in helping to prepare for T Level reforms and to further improve the employability skills of students. The College is now better prepared for continuing testing on a larger scale next academic year as part of the Capacity and Delivery Fund"</p> <p>As part of the Great Exhibition of the North, the LEP secured the 'Technicians Make it Happen' Campaign to base their roadshow at the Mining Institute.</p> <p>The LEP continues to work with partners in relation to Institutes of Technology (IoT) in the second phase of the application process.</p>	<p>Government amend policy on T-levels.</p> <p>Government do not award an IoT in the NE area</p>	Michelle Rainbow	G
<b>Encourage more and higher level apprenticeships with a key sector focus</b>	<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 North East LEP is supporting national campaigns to raise awareness and promote apprenticeships to employers, young people, schools and parents We have supported the ASK (Apprenticeships, Skills, Knowledge) Programme and the provider of this service in the North East has had their contract extended into this academic year and we will continue to support their work. A priority for the North East LEP is to monitor the KPIs regarding uptake of apprenticeships and we now have the latest data release for apprenticeship take up in the NE. Once analysis has been carried out, this data will be reported</p>	Apprenticeship reforms are creating some uncertainty and therefore nationally apprenticeships starts appear to be lower than the previous year. We are undertaking analysis to test the NE figures against national trends..	Michelle Rainbow	G
<b>Higher Education - Working in partnership with our four universities, colleges and employers to support economic growth and to ensure we have job ready graduates with the skills needed and high quality opportunities for them.</b>				
<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

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Support universities to retain graduate talent in the North East</b>	We continue to work with the four universities in the region and Universities UK to shape a pilot programme. A meeting was held with the Office for Students (OfS), where the work of the North East LEP and the North East Collaborative Outreach Programme (NECOP) was identified as the example of good practice nationally. We will attend an OfS national working group to extend this work in October. We have identified further good practice at a university outside of the regional and are in discussions with both Oxford and Cambridge Universities about their careers programmes. We are working closely to share this with NE universities and will finalise details of a pilot with UUK.	The Universities do not support graduate retention in the NE		
<b>Support universities to develop knowledge transfer partnerships (KTPs)</b>	We continue to work 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.	The Universities do not support KTPs	Michelle Rainbow	G
<b>Education Challenge - reduce the gap between our best and lowest performing schools and to target all schools in the North East achieve 'good' or 'outstanding' OFSTED rating.</b>				
<b>Develop and deliver an Education Challenge programme</b>	<p><b>Governance</b></p> <p>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 as 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 NEA ESF business case has been submitted to ESF Managing Authority and if approved, there is scope in this project to start to develop this at scale. We are working with partners, RTC North, STEMnet, The Edge Foundation. If all approvals go smoothly, we anticipate the project launch in the Autumn 2018.</p> <p><b>Next Generation Learning UK</b></p> <p>The Steering Group, facilitated by the North East LEP and chaired by Edge Foundation continues to work strategically to shape the implementation of elements of the Ford Next Generation Learning model. In July 2018 Ford NGL led the first master-planning workshop at Excelsior Academy with a range of stakeholders, the key characteristics of a school leaver led to the formation of working groups to lead on development planning for each identified key ingredient required to facilitate the student journey, these groups include; Student well-being, FE / HE preparation, project based learning, teacher CPD and effective employer engagement. Excelsior Academy will be using their School Leaver Profile from Sept.</p> <p>A group of stakeholders met to identify the characteristics of school leavers at Norham High School and Churchill Community College, stakeholders worked in groups to identify their highest priorities, the data from this exercise has been analysed and</p>	<p>Inability to secure funding to roll out further</p> <p>The leadership structure is ineffective.</p> <p>Inability to secure further funding</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
	<p>common characteristics from each stakeholder group have been identified and shared with the senior leadership team for next steps. A smaller working group, chaired by the LEP continues to drive school delivery, the group will meet early September to map plans for the next 3 months in each of the schools.</p> <p>The regional lead and industry alignment managers have started the process of shaping the key elements into each of three pilot school settings. All schools have identified trailblazer teachers who have attended a training day related to project-based learning and employer engagement, this was delivered in partnership with Newcastle University, the Edge Foundation and Ford NGL team. A range of curriculum level employer projects are due to be started in the three pilot schools. These include work with local employers, FE and HE providers and voluntary organisations. Employer and external partners include; Northern Gas, Go North East, Tyne Met College, Newcastle University, AgeUK and The Peoples Kitchen. Capturing feedback from students, teachers, and external stakeholders is planned into each project.</p> <p>Teacher development is core to a 12 week project that has been developed with PhD students from the School of Computer Science at Newcastle University. PhD students will lead teachers through projects focusing on programming and then support the teachers as they deliver to parallel groups. We aim to share this model with a wider group of businesses at the showcase event with the aim to demonstrate how the process of hands on CPD could be replicated.</p> <p>A proposal has been provided to NECOP to co-deliver a parent HE safari as part of their schools programme. We will aim to work closely with NECOP over the next few weeks to develop and deliver a pilot of this with Excelsior Academy.</p> <p>Tracking of employer engagement and careers activity continues to be refined and this will be shared with a wider group in September. This improves reporting of headline statistics and sub-group analysis, including details of NECOP register, SEND and pupil premium to ensure Each and Every pupil receives Good CEIAG.</p> <p>Our Regional Lead has now met with further schools in relation to expanding the support, this led to delivery of a session to the whole staff at a large 11-18 Academy in South Tyneside. We aim to start supporting teachers to develop employer led projects in the new academic term.</p>			
<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 which should feed into the Local Industrial Strategy.	The Strategy does not meet the opportunities and address the challenges in the NE	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>	Events are underway and will run until September 2018. Virgin Money, focusing on financial and professional services was the first event. A similar Digital / Tech sector event ran in mid-May & Advanced Manufacturing in June. Feedback to date has been extremely positive. The LEP highlighted the FWL strategy at sector events including BIONow, NOF, Tech Talent Charter and People Power. Funding has been secured to develop an Employer Toolkit via the North East Growth Hub. The toolkit will feature local employers demonstrating best practice; calls to action and employer support services. The tool will be developed fully by Autumn 2018. The DWP central policy team for FWL continues to attend our Task & Finish Group and is supportive of our strategy. The DWP produces a monthly bulletin to national stakeholders and highlighted the North East LEP’s approach as best practice in the July edition.	The event knowledge is not maximised	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>				
<p><b>Support primary care professionals in helping people access support to get them back into work</b></p>	<p>Health and Wealth – Closing the Gap in the North East. The report has been produced and shared with partners with 10 recommendations 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. Performance data from January 2017 to end of July 2018 show: 1,835 people in total have started the programme. This breaks down to 1,264 in the more developed area (Northumberland, Tyne and Wear) and 571 in the transitional area (County Durham). 437 first job starts (including those with more than one job start) and 532 jobs in total, 79% in the more developed region and 21% in County Durham. 35% of starters have achieved a first job entry. Though performance is improving it remains below the DWP contract profile and a performance improvement plan is in place to achieve an increase in both starts and job outcomes to meet profile by August 2018. DWP has invoked a clause to widen eligibility; however this is being monitored as there are concerns that this may redirect the provider from the original contract intent.</p> <p>DWP is to start a consultation process with local areas on potential for two year extensions to the current three year contracts, for 2019-21. The advice is that this will be contingent upon the provider meeting a minimum of 85% of output and job outcome performance. ESIF sub-committee will be consulted and asked whether they are supportive of extension (contingent on achievement of performance targets). Extension would be funded by DWP underspend, but a local contribution would be required (amounts are not yet known). If the extension is not supported DWP has advised that no other funding will be made available and they would not procure alternative provision for the North East. Consultation will take place in autumn 2018</p>	<p>Partners do not embrace and take the recommendations forward</p> <p>A contract variation widening the eligibility criteria changes the strategic focus of the programme.</p> <p>The contract is not extended</p>	<p>7 LA Chief Executives</p> <p>Michelle Rainbow</p>	G
<p><b>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.</b></p>	<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.</p> <p>Performance data from January 2017 to the end of July 2018 show:</p> <ul style="list-style-type: none"> <li>• A total of 700 (76%) participants in the treatment group and 219 (24%) in the control group, a total of 919.</li> <li>• 97 jobs were achieved in total by the end of quarter 2. An average of 21 jobs per quarter is forecast for the remainder of the project.</li> <li>• 56% of participants are male, 44% female.</li> <li>• Almost one quarter of participants are aged 50 or over, and a fifth aged 18-24.</li> <li>• One third were unemployed for two years or more.</li> <li>• The majority, almost 80%, are claimants of Jobseekers Allowance or Universal Credit.</li> </ul>	<p>Delay from DWP in trial launch, below profile referrals from Jobcentres and ESF eligibility requirements continue to impact performance.</p>	<p>Northumberland County Council</p>	G

SEP Action	Progress/ current position	High level risks	Lead	Status
	<ul style="list-style-type: none"> <li>Consistent performance in recent quarters, positioning the project to achieve beyond profiles if referral rates are sustained. Jobcentre referrals are being received at an average of around 200 per month.</li> <li>203 outputs (project participants) were achieved in quarter 2 (April to June 2018), the best performing quarter to date. An average of 118 participants per quarter is forecast for the remainder of the project.</li> <li>County Durham continues to be the best performing area in terms of number of participants, having reached over 60% of its project lifetime target to date, and around 55% of results.</li> <li>Participant feedback surveys show consistently high levels of satisfaction with the service, in particular the degree of confidence and trust of employment coaches.</li> </ul>			
<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.</p> <p>A number of delivery organisations across the North East LEP area: Northumberland (Northumberland County Council), Newcastle Gateshead, Sunderland and North Tyneside (Ingeus), South Tyneside (Northern Rights), Durham (Durham Council).</p> <p>Reed presented to the Employment and Skills Board in early 2018 and will be invited to update the board at regular intervals.</p>	Mis-alignment with ESF existing and new provision; such as the DWP opt-in and Mental health Trailblazer (see above)	Michelle Rainbow	G
<b>Work with employers to improve take up of the Better Health at Work Award Scheme.</b>	<p>The Programme Leader for BHAWA, based at the TUC is part of the Fuller Working Lives Task &amp; Finish Group and delivered a seminar about BHAWA and how provided information as to how employers can access it.</p> <p>The LEP are promoting the Award and have undertaken an assessment of their own BHAW led by two members of the LEP team. An implementation plan is now in place with 3 themes chosen following the consultation with staff.</p>	Scheme awareness in the NE is low	Michelle Rainbow	G
<b>Continue to address the importance of in work progression and job equality</b>	<p>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 :</p> <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> <p>A number of projects have been invited to submit full businesses cases and will be assessed by DWP Managing Authority before being considered by ESIF committees throughout the summer and autumn of 2018.</p>	Projects are not submitted or selected that deliver the intended outcomes.	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<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>	<p>Generation NE has been operational since July 2014 and the programme has supported 4600 young people, delivering 2050 job outcomes to date; 1200 of those gaining employment have now sustained employment for 6 months or more.</p> <p>An ESF call for projects to support young people into employment and training was closed in autumn last year. A full application was submitted to the ESF managing authority by Newcastle City Council on 9<sup>th</sup> March 2018 which included a proposal to extend the Generation NE project. We await the outcomes of the project alignment work to measure the likely impact on geographical scope and impact. The Generation NE ESF project has chosen to begin delivering support 'at risk' from April 1<sup>st</sup> 2018, pending the outcome of the application for ESF funds and to date has 90 young people registered on the new programme.</p>	<p>Projects do not adequately align services to ensure there is adequate coverage across the whole of the North East LEP area geography</p> <p>ESF funding is not secured for delivery projects</p>	Michelle Rainbow	G
<b>Deliver the Durham Works project</b>	<p>Generation NE funds have also provided match funding for Durham Works (YEI) enabling support for a significant number of young people in Durham. The project has exceeded all original targets and continues to perform well.</p>		Durham County Council	G
<b>Ensure young people have the access to support and skills required to progress employment.</b>	<p>Newcastle College Group secured funding from ESFA / ESF for this project. The project commenced delivery in late 2016 and ran to July 2018 with the aim of supporting 1300 young people who are NEET or at risk of becoming NEET. 1011 young people were supported through this contract against a profile of 1182 and the contract is looking to extend delivery up to March 2019.</p>	<p>Collaboration across service providers is voluntary; making it challenging to collaborate and cross-refer clients to more appropriate services.</p>	Michelle Rainbow	A
<b>50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work</b>				
<b>Develop and implement a 50+ workforce strategy in partnership with key stakeholders.</b>	<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 commenced in Autumn 2017</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.</p>	<p>The strategy does not meet the needs of the workforce or economy</p>	Michelle Rainbow	G
<b>Active inclusion – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.</b>				
<b>Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.</b>	<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 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.</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>	Michelle Rainbow	A
<b>Provide targeted support to those with protected characteristics.</b>	<p>An ESF call was launched in 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>Projects are not supported</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<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>Future funding is not secured to take forward</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 in delivery. A number of projects will be invited to present at future Employment and Skills Board meetings.</p>	<p>Projects do not delivery requisite outputs</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 their Local Plan preparation. Local authorities have a duty to cooperate and the seven local authorities have all signed an MOU to cooperate.</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> <p>3/7 Local Authorities have an approved plan. The LEP's ambition is that each Local Plan will consider the SEP in its development. The LEP has contacted each LA without an approved Local Plan to provide a timeline for its adoption and confirmation that it encapsulates the ambitions set out in the SEP.</p>	Local Plans are not adopted in the short term resulting in elements of the SEP delivery being stalled.	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>	The LEP holds a list of projects and are reviewing the strategic contribution of each to inform the development of a Regional Investment Pipeline, which will in turn inform the updated SEP during 2018 and the early development of a North East Local Industrial Strategy.	Insufficient capacity to progress	Helen Golightly/ LA7 Economic Directors	A
<b>Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites</b>	<ul style="list-style-type: none"> <li>EZ Financial model has been updated (March 2018)</li> <li>EZ overarching legal agreement signed by all 7 local authorities (May 2018)</li> <li>Investment business cases being developed and appraised (on-going)</li> <li>Economic Directors provide the challenge forum for the rate of progress (on-going)</li> </ul>	EZ Business Rate Income is not received at the expected level.	Helen Golightly	G
<b>Collaborative development of spatial planning framework for the North East, supporting the SEP</b>				
<b>Publish a North East Development Framework</b>	Further work should continue through the LA7 Housing and Planning group to update the relevant Duty to Cooperate documents. This has been stalled by the devolution discussions and regional governance changes.	The LA7 group is ineffective and progress is not made	7 LA Chief Executives	A
<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. This has been stalled by the devolution discussions and regional governance changes.	The LA7 group is ineffective and progress is not made	7 LA Chief Executives	A

# Transport and Connectivity Programme | Lead: Philip Meikle

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Transport Delivery</b>				
<b>Deliver transport LGF schemes</b>	Schemes at various stages of delivery, risks being actively managed and progress being monitored. Delivery being actively managed with promoters. A number of schemes are now complete or are approaching completion and are required to fulfil ongoing monitoring requirements.	Projects slip outside LGF funding window. Projects do not deliver the specified outputs and outcomes.	Philip Meikle	A
<b>Continue to roll out flexible public transport ticketing</b>	There are two major ticketing initiatives 1. Nexus are a lead partner in the development of Host Card Emulation, a trial that replicates an ITSO Smart (Pop) card onto a mobile phone. Nexus have commissioned an app to integrate ITSO tickets which is currently undergoing its final live test with good results. A range of products to be rolled out across the financial year. 2. TfN are progressing their contactless card solution which would allow customers to touch in and out on all public transport using a contactless bank card. Agreement on final specification is being sought amongst all operators with a 2020 potential launch.	TfN does not progress specification for ABT Back Office Beta test does not progress satisfactorily	Tobyn Hughes	G
<b>Continue joint management working of our transport system</b>	Following public consultation on the Strategic Transport Plan (STP), officers have been working with TfN to redraft sections of the plan to address comments. TfN intend to adopt the plan in December. Officers are briefing members on the amendments to the plan ahead of December board.  In rail we continue to prioritise the need to promote the future of the East Coast Mainline, especially future investment in the York – Newcastle section for Northern Powerhouse Rail and HS2 services after 2033. We also continue to support the case for Transpennine Route Upgrade and the creation of a shared narrative with Network Rail to agree joint work programmes and governance to help to meet a joint vision for rail in the North East.	TfN plan not adopted	Philip Meikle	G
<b>Develop and expand the Urban Traffic Management and Control Centre (UTMC)</b>	UTMC NPIF bid received funding. The back office technical refresh of the UTMC common database is now largely complete with final enhancement being delivered in October 2018. The detailed technical specification for the traffic signals hosted back office solution is currently being drafted, with procurement taking place October-December 18. Variable Messaging System (VMS) site selection (14 new sites) is being undertaken, procurement planned for early 2018. Initial orders for Automatic Number Plate Recognition (ANPR) and Close Circuit Television (CCTV) assets have been placed.	Project does not deliver outputs	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 are developing projects as appropriate. We await to hear if our application to submit a Transforming Cities bid has been successful. In the meantime, a package of potential schemes is being developed.	Funding is not secured	Philip Meikle 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. We await details on the next round of Highway Maintenance Challenge fund.	Funding is not secured	Philip Meikle with local authority Heads of Transport	G
<b>Identify and begin to deliver a long term project pipeline</b>	Working with scheme promoters to develop a pipeline of projects. 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.	A prioritised list is not agreed	Philip Meikle	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Transport Innovation</b>				
<b>Commission the Go Ultra Low Cities Programme</b>	Delivery of both sites anticipated to be complete by Autumn 2018 and the rapid charging clusters contract is awarded. Preparations are also underway to go out to tender for a contractor to manage and maintain the network, subject to NELB agreement.	Project is not delivered by contractor	Philip Meikle	G
<b>Regional Transport Planning</b>				
<b>Develop and agree a North East Transport Plan</b>	The development of a Regional Transport Plan and associated “daughter documents” continues with an early draft circulated amongst the Heads of Transport.	Change in Regional Transport Governance may affect delivery timescales.	Philip Meikle	A
<b>Strengthen the alignment between the transport plan and the planning process</b>	A workshop between town planners and transport planners is contemplated to support the transforming cities process.	Change in Regional Transport Governance may affect delivery timescales.	Philip Meikle	G
<b>Explore opportunities presented to us in new legislation</b>	Nexus sits on a DfT programme board to steer the provision in the 2017 Bus Services Act 2017 for open data in relation to bus services.		Tobyn Hughes	G
<b>Develop transport investment programme</b>	We await news of the outcome of our EOI submission to the Transforming Cities Fund. The NECA ‘Smarter travel, Smarter cities’ Sustainable Urban Development Fund Bid will be submitted to government in October.	The transforming cities EOI is not granted approval to progress to the next stage.  The SUD application is not successful in obtaining funding	Philip Meikle	A
<b>Identify opportunities for improved freight infrastructure</b>	Freight partnership continues, with a work programme for the next year to be agreed by the partnership.		Philip Meikle	G
<b>Improve transport proposals to employment sites (by 2020)</b>	Work continues with South Tyneside, Sunderland and Gateshead to scope transport links to IAMP. The Transforming Cities Fund bid Expression of Interest includes improving connectivity into employment sites.	Transforming cities EOI is not successful	Philip Meikle with Heads of Transport	G
<b>Implement an enhanced public transport offer (by 2020)</b>	A programme of initiatives continue across the system such as South Shields Transport Interchange and the Host Card Emulation ticketing project.  Design options on Sunderland station are developed for consideration with funding options still being examined.		Tobyn Hughes	G
<b>National and international connectivity</b>				
<b>Enhance east-west road and rail connectivity</b>	The interventions from TfN’s East-West Corridor Study, Connecting the Energy Coasts are being modelled using TfN’s suite of models and a combined Strategic Outline Programme and Case is being developed (SPOC). This will inform TfN’s investment plan.  Work is progressing on the Northern Powerhouse Rail project including corridor option development for the Leeds to North East corridor (including significant upgrades to the ECML). Also aligned to the East Coast Route study. Strategic Outline business case for NPR due by Dec 18	The needs of the North East are not adequately considered as part of the study	Philip Meikle	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Develop an initiative to support air, sea and rail transport hubs</b>	<p>Consultation responses by the RTT continue to be issued on time. Work is now underway around the detail of the Major Road Network as well as with DfT on the Future of Mobility Strategy. We are working closely with bodies such as Transport for the North and the Urban Transport Group on collective common issues.</p> <p>The North East is now the secretariat to the East Coast Mainline Authorities (ECMA) Consortium and also supports the All Party Parliamentary Group (APPG) on the East Coast Mainline, chaired by Catherine McKinnell, MP for Newcastle upon Tyne North.</p>	A coordinated strategy for unlocking growth opportunities for high speed rail in the North East is not adopted	Philip Meikle	G
<b>Make our region HS2 ready</b>	<p>It was agreed previously at TNEC that continued support be given to the aims of the High Speed 2 project and maximum benefit be sought for all areas of the North East from this significant national investment.</p> <p>We continue to lobby to promote the need from the East Coast Mainline to be ready for HS2 traffic between Newcastle and York in 2033.</p>	No committed funding for East Coast Mainline enhancement	Philip Meikle	A
<b>Digital connectivity</b>				
<b>Map and influence superfast broadband coverage</b>	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.	100% coverage is not achieved due to cost	Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
<b>Develop and begin delivery of 5G test-bed</b>	The 5G team is developing a 5G proposed programme to deliver 5G in the North East.	Insufficient resources and private sector appetite to deliver.	Alan Welby and 5G team	A
<b>Explore the potential to develop fibre-optic connectivity to Europe</b>	<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>	Market demand	TBC	G

# Strategy, Policy and Analysis | Lead: Richard Baker

## Goals:

To ensure that the SEP remain updated and drives priorities for the North East economy, that the North East 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>Strategy and development</b>				
<b>Update of the North East Strategic Economic Plan</b>	<p>A Steering Group has been established and has met four times to date. This group will also input into the development of the North East Local Industrial Strategy (LIS).</p> <p>Conversations with North East LEP Sub-Boards and other groups are ongoing. A joint session with LA7 Chief Execs and Economic Directors has been scheduled for Thursday 27 September to discuss both the SEP update and LIS.</p> <p>An event to discuss progress and establish next steps for the areas of opportunity, enabling services and place was held on Wednesday 19 September at Centre for Life.</p>	<ul style="list-style-type: none"> <li>Data availability</li> <li>Changing UK policy framework towards SEPs</li> <li>Co-ordination as regional structures change</li> </ul>	Richard Baker	G
<b>Development and delivery of strategies for SEP areas of opportunity</b>	<p>Strategies are being developed for each of the 4 areas of opportunity set out in the SEP - Digital; Advanced Manufacturing; Life Sciences Innovation; Energy.</p> <p>Energy Programme Lead has been in post since July, and is shaping a North East Energy Strategy and project delivery pipeline. The two main workstreams will be around offshore energy and regional energy projects. Key stakeholders are being engaged, and working groups being set up for each workstream. The first offshore energy group meeting is Friday 21 September.</p> <p>Funding has been secured for the Digital Lead post and recruitment is being planned. Funding is largely in place for the Health Lead post.</p>	<ul style="list-style-type: none"> <li>Internal capacity – need to identify resources for lead officers</li> <li>Data availability</li> <li>Management of relationships</li> </ul>	Richard Baker	A
<b>Delivery of comprehensive SEP communications programme</b>	<p>The current focus of communications is in relation to the SEP is the update process. A full communications plan will be developed around the publication of the Progress Review and the updated SEP.</p>	<ul style="list-style-type: none"> <li>Dependency on progress with the Review process</li> </ul>	Richard Baker	G
<b>Delivery of year 1 of interim SEP evaluation</b>	<p>Steer Davies Gleave (SDG) held an introductory evaluation workshop on evaluation methodologies and logic chains in July 2018. SDG are supporting our team to develop logic chains and evaluation for each SEP programme of delivery.</p> <p>An initial data gathering exercise has been completed, and wider stakeholder consultations will commence in October 2018.</p>	<ul style="list-style-type: none"> <li>Project complexity given project nature and multiple monitoring/funding arrangements</li> <li>Timetabling</li> </ul>	Richard Baker	G
<b>Economic Evidence and Analysis</b>				
<b>Produce and promote annual 'Our Economy' report</b>	<p>The 'Our Economy 2019' report will be published in April 2019.</p>	<ul style="list-style-type: none"> <li>Internal capacity</li> <li>Data availability</li> </ul>	Richard Baker	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Expand the content, functionality and promotion of the Data Hub</b>	<p>Web developers, Daykin and Storey, are finalising a programme of improved functionalities within the Data Hub. This should be completed in early October.</p> <p>A marketing campaign will be launched following the completion of these works.</p>	<ul style="list-style-type: none"> <li>Data availability</li> <li>Resources</li> <li>Management of relationships with partners</li> </ul>	Richard Baker	G
<b>Support the role of the North East LEP as a regional economic commentator</b>	The North East LEP continues to comment on key economic data linked to the delivery of the Strategic Economic Plan.	<ul style="list-style-type: none"> <li>Internal capacity</li> </ul>	Richard Baker	G
<b>Agree research and evidence development plan to improve the evidence available to core SEP programmes and to strengthen the shared use of economic evidence in the region</b>	<p>The LEP-led North East Evidence Forum has been established for almost a year. Recent additions to the membership include Centre for Cities. The Forum will continue to deliver its forward work programme, with members actively sharing current economic evidence and research at meetings. A sub-group will be established to support the development of the LIS.</p> <p>The LEP-led North East Brexit Group continues to meet.</p> <p>The Strategy and Policy team is developing an internal programme of research. The North East LEP has worked with partners across the region to develop the DataJam North East, a two day event that will bring together data, digital, and policy specialists to identify new insights into skills, health and child attainment.</p>	<ul style="list-style-type: none"> <li>Management of partner relationships</li> <li>Developing resources to support projects</li> </ul>	Richard Baker	G
<b>Informing economic policy nationally and regionally</b>				
<b>Manage key North East LEP policy contacts in Government and strengthen influencing position</b>	<p>The North East LEP introduced a new CRM system in August which will supports better understanding and management of relationships with Government and stakeholders</p> <p>The Interim SEP Evaluation, though the use of reflective diaries will seek to capture how the North East LEP is influencing on a more systematic basis.</p>		Richard Baker	G
<b>Co-ordination of the regional response to Brexit</b>	The North East Brexit Group continues to meet on a monthly basis. The group recently held a rural roundtable discussion with key stakeholders to better understand the impacts, challenges and opportunities of Brexit on rural areas. The group has also collectively responded to the APPG on Post-Brexit Funding in September 2018.	<ul style="list-style-type: none"> <li>Management of partner relationships</li> <li>Political sensitivity</li> </ul>	Richard Baker	G
<b>Devolution to the North East</b>	Work will continue to support the implementation of the North of Tyne devolution deal, ensuring strong alignment between North of Tyne and South of Tyne activity with SEP programmes.	<ul style="list-style-type: none"> <li>Internal capacity</li> <li>Management of partner relationships</li> </ul>	Richard Baker	G
<b>Development of new policy proposals</b>	<p>In July 2018 the Secretary of State for Business, Energy and Industrial Strategy announced that the North East would be one of six areas that Government would work with to develop a LIS. The North East LEP has met with BEIS on a number of occasions to develop a forward project plan, and a working group is now in place.</p> <p>The North East LEP is working with NECA and other partners to develop a North East response to the National Infrastructure Assessments and is organising a roundtable with the National Infrastructure Commission in November.</p> <p>The North East LEP is working with Tees Valley Combined Authority on a proposal for a Made Smarter pilot.</p>	<ul style="list-style-type: none"> <li>Internal capacity</li> <li>Developing resources to support project</li> </ul>	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 invested from EZ Business Rate income.</b>
<b>Amount allocated</b>	<p>£262.3m contracted and £5.8m allocated to projects in pipeline development (all of which are anticipated to come forward for decision during 2018/19). Under-programme level currently at £2m</p> <p>Budget allocation for 2018/19 is £51.7m, with an additional £11.6m coming back from previous years 'funding swaps' with NECA. Total forecast spend currently is £69.8m (£6.3m over-programme).</p>	<b>Amount allocated</b>	<p>Over £65m invested through the programme to date with repayments underway.</p> <p>Approximately £12m available to invest at present.</p>	<b>Amount allocated</b>	1,351 new jobs (excluding construction jobs) created with 41 businesses located on the EZ sites.
<b>Projects supported</b>	<p>54 major projects including 4 mini-programmes approved to date.</p> <p>Innovation 'mini-funds' for Incubators and Project Development have both undertaken their first project calls – each receiving five proposals, with two projects fully approved to date. Second calls are now open until Q3 2018/19.</p>	<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.	<b>Projects supported</b>	<p>The Enterprise Zone sites have attracted significant investment to date Applications are currently being progressed for five EZ sites, with one of these seeking Board decision at September meeting.</p> <p>Feasibility Studies are being progressed for four further sites to accelerate the development.</p> <p>A legal agreement is now in place and a full implementation plan has been finalised covering all 21 sites and signed by all 7 LAs.</p>
<b>Issues</b>	Net budget over programme of £6.3m to be monitored during course of the year.	<b>Issues</b>	<p>To date NEIF projects have reported a yearly average jobs figure of 512 (against target average of 1,661).</p> <p>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. We are also reviewing other options to boost the output delivery of the NEIF with the Investment Board and Local Authority partners.</p>	<b>Issues</b>	Overall performance continues to show slower development, build out and occupation of sites than originally envisaged. However, there is still a positive financial model and significant pipeline of interest in the sites.

# Communications Update – September 2018

## Social Media



Followers: 8,938 (+2.2% since 11 July)  
Reach: **567.3k impressions** over last 60 day period



Followers: 3,109 (8.2% on last month)  
Reach: 43,887 (Impressions during August)

**Benchmarking against top three LEPs on twitter**  
(as of 11 July 2018)

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

8,938

7,538

7,181

9,214



## Top Tweets

### TWEET HIGHLIGHTS

**Top Tweet** earned 2,379 impressions

Great photos of Prince William! We've seen [@weareproto](#) develop from an initial concept through to today's official opening & couldn't be more pleased with the exciting developments already emerging from the businesses located here  
[#LocalGrowthFund](#) [#GetNorth2018](#)  
[#moreandbetterjobs](#)  
[twitter.com/royalfocus1/st...](https://twitter.com/royalfocus1/st...)

1 9 16

**Top mention** earned 437 engagements



We can declare [@weareproto](#) officially open! Thanks to HRH The Duke of Cambridge for visiting us today as part of [#getnorth2018](#) and to our funders [@northeastlep](#) [@esif1420england](#) and partner [@DigiCatNETV](#) [@KensingtonRoyal](#) [@getnorth2018](#)  
[pic.twitter.com/AYcwyYsyQ](https://pic.twitter.com/AYcwyYsyQ)



1 31 109

View Tweet

### UPDATE TITLE

We're delighted to welcome Andrew Clark to the North East LEP as Programme Lead for the energy sector: <https://lnkd.in/deWswuT>

DATE 10 Aug IMPRESSIONS 6902

CLICKS 123 CTR 1.782% ENGAGEMENT RATE 2.535%

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### UPDATE TITLE

Nexus is currently seeking to procure three contracts worth around £500m as part of the Fleet Replacement Programme on the Tyne and Wear Metro. Register your interest now to find out about opportunities for North East suppliers: <https://lnkd.in/dXgXeJV>

DATE 27 Aug IMPRESSIONS 2,321

CLICKS 55 CTR 2.37% ENGAGEMENT RATE 3.231%

----

### UPDATE TITLE

The deadline to enter Insider Media's 'Made in the North East' Awards has been extended until Fri 24 August. Find out more and submit your entry here <https://lnkd.in/dTYsGBt>

DATE 14 Aug IMPRESSIONS 2,080

CLICKS 26 CTR 1.25% ENGAGEMENT RATE 1.346%

**Mentions**  
**July & August**  
**2018**

-----  
**No. of Mentions**  
**942**

(in articles, blogs, social media posts)

### Sentiment:

Neutral: 863 (91.61%)

Positive: 71 (7.54%)

Negative: 8 (0.85%)

Negatives: Some social media reactions to the news regarding the Nexus fleet replacement

### Highlights:

HRH The Duke of Cambridge officially opens PROTO:

<https://www.chroniclelive.co.uk/news/north-east-news/duke-william-gateshead-live-cambridge-15121576>

## Upcoming events

## Priority actions for the next two months

**8 October**

**Nexus Supply Chain event at Stadium of Light**

**Action 1**

Plan and prepare for a supply chain event in October relating to Nexus procurement

**Action 2**

Assess SEP and develop an action plan to have new data ready for launch in January 2019

**Action 3**

Manage media relations around the launch of our Corner Stone Careers Hub

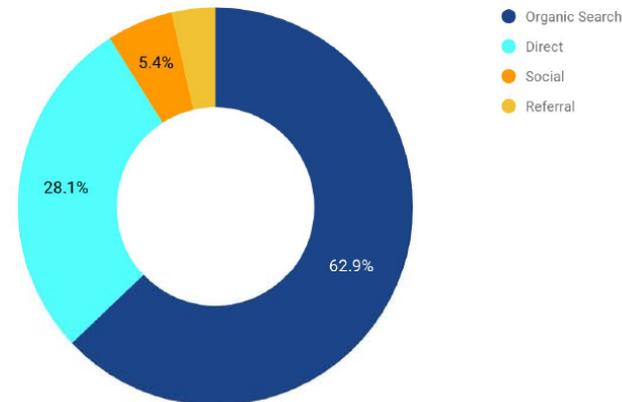
## Website Performance Summary

AUGUST 2018



### Performance summary

- In line with seasonal trends, website traffic is down -18% month on month (MOM) but up +3% year on year (yoy)
- Clicks to contact the executive team by email have increased by +56% but calls have decreased by -36%
- Report downloads are down -50% MOM and MMA downloads are down -38% MOM
- Newsletter sign ups are down -51% this month but back on track with other previous months (25)
- External link clicks to careers guidance have dropped again this month (-50% MOM)
- Contact form submissions are down -21% MOM



Site sessions: 4,207 -18%

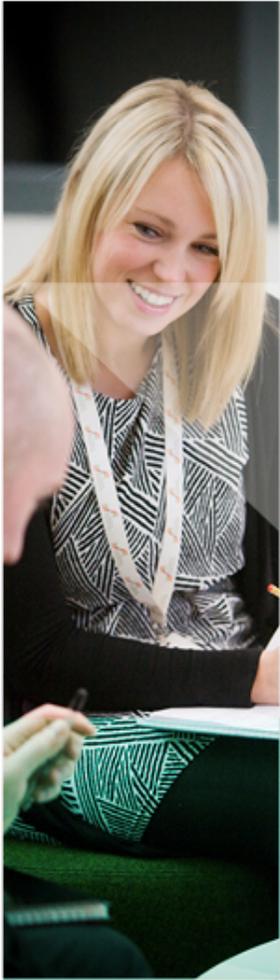
Bounce rate: 53% +1%

General click to call: 6 -14%

General click to email: 20 -9%

Contact form submissions: 15 -21%\*

\*Note: this data is slightly skewed due to the influx of spam enquiries early in July 2018



# 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



## Supporting innovation



### What is our vision for 2024?

A competitive, adaptable and creative economy driven by an increasing number of dynamic and productive businesses with the capacity to innovate and grow

### What are our challenges?

Our businesses are not investing enough in research, development and innovation in comparison with competitor regions

Securing a greater share of private investment into North East businesses

Ensuring a pipeline of appropriately skilled talent

### What are our opportunities?

Increasing use of digital technologies and processes to unlock new business opportunities and productivity gains

Increased government allocation for Innovation in National Productivity Investment Fund and associated Innovation programmes

Capitalising on the establishment and growth of National Innovation Centres in our region

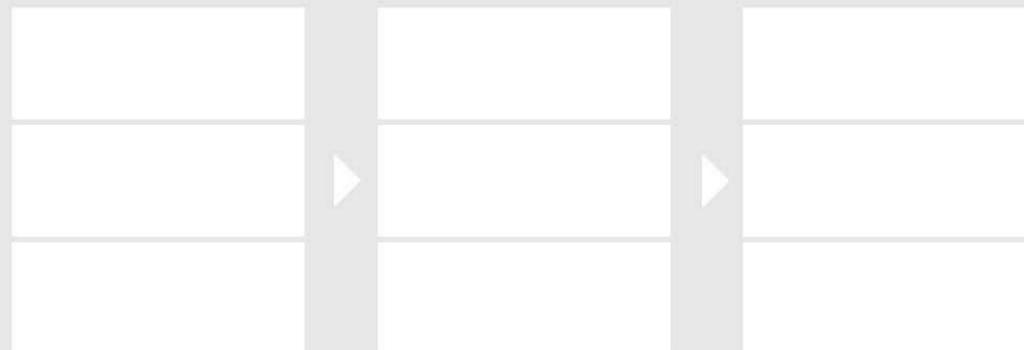
### How are we going to address these challenges and opportunities?

This will be supported through:

- An open, collaborative and networked environment which develops and attracts investment, technology, knowledge and talent to increase our ability to successfully take ideas, products and new business models to market quicker
- Demonstrating innovation leadership and collaboration in key sectors and cross-sector competencies where we can sustain a competitive edge
- Nurturing a culture of open innovation and challenge led programmes to address business and regional needs and opportunities to drive economic growth
- Deepening the connection between our the network of Innovation Centres and Universities and local business to build critical mass and better address enterprise needs
- Ensuring a competitive innovation infrastructure which gives business excellent connectivity and first class facilities

### What is our rationale for this approach?

#### Logic chain for business growth and access to finance



## What will we deliver by 2021?

ACTIVITY	DESCRIPTION	KEY DELIVERABLES
<b>Co-ordinated Innovation support programme</b>	<ul style="list-style-type: none"> <li>Supporting the delivery of an programme of innovation support for regional businesses</li> <li>Activity aligned through successful partnerships brokered by the Innovation SuperNetwork</li> <li>Activity targeting at supporting business to increase their investment in RDI</li> </ul>	<ul style="list-style-type: none"> <li>All erdf outputs</li> <li>Private network activity</li> <li>Centres / Universities</li> <li>North East Fund</li> </ul>
<b>Portfolio of key regional pipeline projects</b>	<ul style="list-style-type: none"> <li>Develop prioritised list of regional, large-scale development programmes</li> <li>Collaborative projects that have the capacity to impact into the regional economy</li> <li>Focus on working up projects to secure investment</li> <li>Innovation board plays challenge and support role</li> </ul>	<ul style="list-style-type: none"> <li>Investment secured</li> <li>Percentage of projects completed by 2024</li> </ul>
<b>Securing investment from National productivity investment fund and Innovate UK</b>	<ul style="list-style-type: none"> <li>Coordinated programme of activity to ensure that partners are well briefed on emerging national funding opportunities</li> <li>Prioritisation and collaboration by partners to ensure increased chances of securing funding</li> <li>Focus on Innovate UK opportunities for SMEs</li> <li>Best practice tool-kit for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Investment secured</li> <li>Increased percentage of investment in relation to size of region</li> <li>Increased participation of SMEs in bids and programmes</li> </ul>
<b>Strategic framework for shared prosperity fund</b>	<ul style="list-style-type: none"> <li>Prepare region for Shared prosperity fund by developing a framework for future funding</li> <li>Work with partners and business to identify set of key programmes and activity</li> <li>Work with partners to develop a consortium approach to delivery and ensure alignment to growth hub</li> </ul>	<ul style="list-style-type: none"> <li>Agreed innovation support programme</li> <li>Delivery consortium identified</li> </ul>
<b>Supporting our businesses to capitalise on National Centres capability</b>	<ul style="list-style-type: none"> <li>Develop joint activity with centres / catapults</li> <li>Support our centres to successfully secure national funding to run regional programmes</li> </ul>	<ul style="list-style-type: none"> <li>Increase in engagement by regional businesses with centres</li> </ul>
<b>North East Open Innovation &amp; challenge programme</b>	<ul style="list-style-type: none"> <li>Support the growing activity to foster open innovation between large corporates / public sector and innovation-led SMEs in the region</li> <li>Support the alignment and communication of open innovation and challenge events and programmes to create "critical mass" and deepen engagement with regional businesses</li> <li>Support best practice for open innovation events</li> </ul>	<ul style="list-style-type: none"> <li>Number of smes engaged in open innovation / challenge activity</li> <li>Increase in investment to local businesses via open innovation programmes</li> </ul>
<b>Places and Infrastructure programme</b>	<ul style="list-style-type: none"> <li>Support the development of an appropriate mix of locations that support and drive innovation across the region</li> <li>Support the early adoption of 5G across the region</li> </ul>	<ul style="list-style-type: none"> <li>Increase in incubator or laboratory Innovation space</li> <li>% of region in 5G roll out ahead of national</li> </ul>
<b>Increase private sector investment into growing innovation businesses</b>	<ul style="list-style-type: none"> <li>Support Venturefest and Finance camp</li> <li>Develop new approaches to lever private funding from outside region</li> </ul>	<ul style="list-style-type: none"> <li>Increase in private investment into local businesses</li> <li>Increase of private investment in comparison to public sector investment into local businesses</li> </ul>
<b>Leadership and collaboration through Smart Spec clusters and competencies</b>	<ul style="list-style-type: none"> <li>Robust governance in identified priority areas</li> <li>Buy-in and engagement with private sector</li> <li>Development of portfolio of projects and programmes</li> <li>Identified leads and capacity to drive activity</li> <li>Alignment to Innovation support programme and Growth Hub</li> </ul>	<ul style="list-style-type: none"> <li>Well run and respected boards</li> <li>Investment secured</li> <li>Private sector engagement</li> </ul>

### How will we know if we have been successful?

#### By 2024 we will:

More (XX) businesses engaged in RDI to drive productivity performance	More (XX) businesses progressing from early engagement with RDI to embedding innovation as a key part of a self-sustaining business model
Businesses across the enterprise base embracing new technologies and innovation to build successful business models	XX% of 100,000 will be "better "jobs
Reduced the gap in GVA per full time equivalent against national average by xx	XX new incubation space

### How will this help the local industrial strategy?

This should set out in an introductory paragraph plus a small number of bullets the linkages between the programmes and the industrial strategy. This could either be how a activity set out contributes to the IS or how we will use the IS to help deliver a priority eg seeking funding from grand challenges.

60 words

Should this include asks of government?

**ITEM 8: Applied Digital Technologies Science  
and Innovation Audit**

**1.0 Background**

- 1.1 First announced in July 2015, Science and Innovation Audits (SIAs) are intended to provide a more place-focused understanding of the globally-competitive areas of innovation in the UK. 25 SIAs have now been completed across three 'waves' with the North East LEP involved in six of these. These have covered North East strengths including the Bio-economy of the North of England, Offshore Renewable Energy, Satellite Technologies, Health Research in the Northern Powerhouse and Chemical and Processing Science in the Northern Powerhouse as well as the Applied Digital Technologies SIA led by the North East LEP that is specifically addressed in this report. The approach to SIA is constructed around undertaking robust analysis of qualitative and quantitative data both at a local level and in comparison to other locations nationally and internationally. The completed audits represent part of the evidence base to inform the delivery of the Industrial Strategy.
- 1.2 The digitalisation of the economy is a significant global trend and a driver of economic growth by improving productivity and enabling new products to be developed and manufactured. To remain competitive manufacturing firms need to engage with this process to understand the potential for productivity improvements to reduce unit costs and to put in place approaches and machinery which enable the more personalised, digitally enabled and connected products to be made and to continue to meet demand. As a region with a large, export-focused, manufacturing sector this is of significant interest to the North East and a requisite for long-term prosperity.
- 1.3 Reflecting this regional interest, the North East LEP has led on an SIA to understand the potential, and opportunities for integration, of applied digital technologies in the automotive, pharmaceutical and chemicals industries. Reflecting the shared sector interests and economic links the SIA was taken forward across the North East LEP and Tees Valley Combined Authority areas. These sectors were selected to reflect local strengths identified in the Strategic Economic Plan (SEP) and build on the previous and concurrent audits that the North East has been involved in. Together these ensure that the North East is well represented in the national evidence based around the sectors of strategic importance. The summary SIA report is included as an appendix with the full report available on request.
- 1.4 This has been a timely activity aligning with Juergen Maier's Made Smarter review in industrial digitalisation and provides an appropriate context for taking forward the findings of the SIA.

## 2.0 Key findings from the Science and Innovation Audit

- 2.1 The Science and Innovation Audit process was initiated following a kick-off meeting of all the consortia in November 2017 with the majority of activity taking place from January 2018 leading up to submission to the Department of Business, Energy and Industrial Strategy (BEIS) in July 2018.
- 2.2 The SIA has been delivered across the North East LEP and Tees Valley areas bringing together both Local Enterprise Partnerships, the main sector bodies including, North East Automotive Alliance, First for Pharma, Zero Carbon Futures and the Centre for Process Innovation (CPI) as well as representatives from the universities, local authorities and the Digital Catapult North East and Tees Valley and High-value Manufacturing Catapult in a smaller steering group tasked with leading and coordinating the programme and wider stakeholder group led by the North East LEP.
- 2.3 Drawing on available data, support provided by Technopolis (who were commissioned by BEIS to support the process) and a review of relevant literature an evidence base was prepared setting out the current position of each sector. The approach integrated the wider digitalisation agenda, frequently referred to as Industry 4.0 on the back of the *Industrie 4.0* agenda set out by the German government and together these provided a baseline around the global potential, and opportunities, local strengths and challenges.
- 2.4 Through this approach key messages were distilled providing a first insight into the opportunities and current position of the North East in the application of digital technologies to advanced manufacturing which was validated through the engagement of the wider stakeholder group and a published business survey which sought to provide additional intelligence and insight into the current position in North East businesses and organisations. These included:

The sector is supported by a strong science and innovation base.

- The automotive manufacturing industry in the region is supported by the North East Automotive Alliance (NEAA), the largest automotive network in the UK. The International Advanced Manufacturing Park (IAMP) will offer a high quality, integrated location for advanced manufacturing, with a strong focus on automotive manufacturing adjacent to existing manufacturers. Other assets in the region include, the High Value Manufacturing Catapult, the Automotive and Manufacturing Advanced Practice Centre at the University of Sunderland and Zero Carbon Futures and the planned Centre for Sustainable Advanced Manufacturing.
- The chemicals manufacturing industry is supported by the North East Process Industry Cluster (NEPIC), an award winning membership organisation. Key assets in the region include the Materials Processing Institute, TWI and the Technology Futures Institute and the Centre for Process (CPI) Innovation Graphene Application Centre. The assets and opportunities for the broader chemicals industry is more fully set out in the separate chemicals and processing SIA.
- The pharmaceutical manufacturing industry is supported by First for

Pharma, which brings together some of the world's largest pharmaceutical and biologics manufacturing companies alongside smaller companies to support the development of a regional pharmaceutical manufacturing ecosystem. The sector is supported by the CPI National Biologics Manufacturing, CPI National Formulation Centre and the Newcastle Laboratory. The region also has a number of wider life science assets (including the Academic Health Science Network North East and Cumbria, National Innovation Centre for Ageing, Centre for Ageing and Vitality and Centre for Life). These are important to the pharmaceutical manufacturing industry, with the North East being one of the few locations that can provide an end-to-end translation environment ('bench to bedside').

The North East is home to a number of significant assets:

- The Digital Catapult Centre North East and Tees Valley, led by Sunderland Software City, delivers interventions to grow the region's digital economy.
- The National Innovation Centre for Data has been established to help improve organisations' utilisation of data through a programme of collaborative projects. It received an investment of £15 million from Government in 2017, which has been matched by Newcastle University.
- Advanced Research Computing at Durham University brings together researchers from different disciplines to undertake transformative research, focused on (but not limited to) High Performance Computing (HPC). Advanced Research Computing has been awarded status as an Intel Parallel Computing Centre and an NVIDIA CUDA research centre.
- The region has a vibrant range of networks that support the digital sector (including Digital City, Digital Union, Dynamo, Sunderland Software City and Thinking Digital) and a number of start-up and co-working spaces (including BOHO, Immersion Labs, Sunderland Fab Lab and VRTGO Labs/Proto Lab). Other assets include Stellium, the Urban Observatory and the HMRC Digital Delivery Centre.

There is a significant global demand and expected growth in each of the sectors considered placing a premium on being in a position to take advantage of this and potential costs in falling behind the best performing locations.

### **3.0 Areas identified for action**

- 3.1 In response to the key findings the partnership developed a vision to underpin the activities to be taken forward, and developed a premise based around four key areas for action that would address the challenges and opportunities identified in the audit as set out below.

The vision for the SIA developed is:

To deploy the North East's potential to be at the forefront of the next manufacturing revolution by enhancing the routes to develop and integrate digital technologies into manufacturing process improvements. Through this

we will position the North East as the ideal place to articulate, develop and adopt digital approaches to manufacturing to support long-term UK export competitiveness in high-value, advanced manufactured goods particularly focused on automotive, chemical and pharmaceutical sectors.

To achieve this, actions have been identified as needed around four main areas.

### 3.2

#### **Raising awareness and understanding of digital technologies**

- Developing a shared language across the advanced manufacturing and digital sectors to better articulate the opportunities applied digital technologies offer to their advanced manufacturing and barriers to uptake.
- Raising awareness of the opportunities, potential and importance of the application of digital technologies for advanced manufacturing.
- Improving senior managers within advanced manufacturing businesses understanding of the scope and value of digital technologies and supporting them to act as champions for digital technologies within their organisations.

#### **Skills and training**

- Enhancing current provision to ensure the digital skills required by the advanced manufacturing and digital sectors in the North East are available. This includes the development of skills of those joining the labour market for the first time, the current advanced manufacturing and digital workforces and those reskilling.
- Building on existing programmes to provide opportunities for teachers to spend time in the digital and advanced manufacturing sectors to raise their understanding of the skills needs of these sectors, including the importance of digital skills. This will enable them to bring this knowledge and understanding into the curriculum.
- Making use of digital technologies (including virtual reality and augmented reality) to undertake training and skills development within advanced manufacturing (for example, to train workers in advance of a roll-out of a new production line).

#### **Facilities and networks**

- Upgrading and expanding test and demonstration facilities to allow prototyping and testing of new approaches and techniques (including the Centre for Sustainable Advanced Manufacturing).
- Supporting cross-sector innovation sharing success and awareness so that other businesses are made aware of the potential benefits whether this is from a digital business perspective of engaging with manufacturers or vice-versa.

#### **Business support and growth**

- Tailored and active support to understand and access near-to-market

opportunities for both the digital and advanced manufacturing sectors for prioritised support.

- Supporting businesses to utilise digital technologies to improve real-time information regarding their supply chains. With changing formulations and source materials this is also highlighted in the chemicals audit and processing science.

#### **4.0 Priorities to be taken forward**

4.1 In turn following on from these actions a series of workstreams and priorities were developed by the consortium that would respond to the identified actions needs and are intended to be taken forward by the partnership on the back of the completion of the Science and Innovation Audit. These include:

#### **4.2 Complete and ensure uptake of the Centre for Sustainable Advanced Manufacturing (CESAM) across manufacturing sectors.**

Through the CESAM project a new hub for the implementation of digital technologies into advanced manufacturing can be developed. From its initial development as a response to the needs of the automotive manufacturing sector, CESAM has the potential to expand to meet the needs of all of the advanced manufacturing sectors that have been examined in this SIA, providing a hub of expertise and test and demonstration facilities to trial and appraise technologies prior to roll out.

#### **4.3 Programme of support to enable business to understand and engage with the digitalisation of manufacturing process.**

The gap in understanding of the opportunities and scope of digitalisation of the process industries and embedding this into the broader business support provided required a greater focus on these activities. This requires mentoring, 1-2-1 and seminar approaches alongside other supports to facilitate uptake and integration of the new technologies and approaches.

#### **4.4 Digitalisation and digital manufacturing leadership and skills programme.**

To develop a cross-sector network and structure to identify, refine and develop digital-led solutions for business requirements. This will be supported with further work with universities, schools, colleges and other skill providers to tailor programmes and short courses to meet skills demand. This will include up- and re- skilling across different age groups to provide lifelong learning. A programme of leadership across businesses to embed and understanding of the potential and value of the application of digital technologies at the plant management level.

#### **4.5 Improved networks for cross-sector solution development.**

To expand from the current provision to bring together a tailored approach to networking between digital and advanced manufacturing. This will draw on good practice in Sunderland Software City and other local partners where to ensure there is a strong and consistent understanding of opportunities, challenges and potential and a shared language.

#### 4.6 **Identify areas of technology opportunity and deliver supporting infrastructure.**

A number of specific technology areas have been identified as being relevant to the digitalisation of manufacturing and relevant local strengths. To support the embedding of the digital technologies the appropriate supporting infrastructure to develop, test, demonstrate and roll-out these technologies is required. Through the process to date opportunities have been around on-board technologies for automotive and for personalisation and smart-packaging for pharmaceuticals.

#### 5.0 **Next steps**

- 5.1 The SIA is due to be published shortly by BEIS, currently scheduled for September/October and once this is completed we are able to take forward further promotion of the study and the outcomes.

It is proposed that we undertake a launch event with partners to raise awareness of the SIA findings and opportunities and kick-start the response to the findings developing further details on the identified priorities and actions and identified lead institutions and potential resources to support putting these in practice. Some areas are already under development such as the Centre of Excellence in Sustainable Advanced Manufacturing (CESAM) and the proposal for the North East Regional Hub and Programme for the Made Smarter review.

The North East LEP is currently working with partners locally and BEIS nationally to develop and Made Smarter Hub proposal similar to the existing hub established in Greater Manchester. This would build on the SIA findings expanding the focus to include a wider range of the manufacturing sectors represented in the North East and Tees Valley and the intention is to operate across a series of digital, leadership, and relevant skills alongside specific support through company focused audits and financial support and incentives to enact the outcomes of these.

These activities would together represent a significant move forward in responding to the Science and Innovation Audit and putting in place actions to support the longer-term prosperity of the North East.

#### 6.0 **Recommendation**

- 6.1 The Board is recommended to note the content of the report and the next steps for the SIA.

# Applied digital technologies in advanced manufacturing

## Science and Innovation Audit Summary Report



### Science and Innovation Audit partners:



## Introduction

The focus of this Science and Innovation Audit (SIA) is the application of digital technologies in advanced manufacturing in the North East of England.

The North East has a population of 2.6 million individuals<sup>1</sup> and over 74,000 businesses<sup>2</sup>. In 2016, the region produced £50.7 billion of goods and services<sup>3</sup>. The region includes a mix of cities (Newcastle, Sunderland and Middlesbrough), urban and rural areas, with economic activities concentrated around the coastline and rivers.

The chosen theme of the SIA reflects the importance of manufacturing to the North East economy and the opportunities that our region's growing digital sector provides to support the manufacturing sector to adopt digital technologies. This has potential to lead to future co-creation between the sectors to develop new products and services.

The approach of the Science and Innovation Audit is closely linked to the concept of Industry 4.0. Based on the original proposition set out by the German Government<sup>4</sup>, Industry 4.0 refers to the next stage in manufacturing that uses new, digital and real-time approaches to production to meet demand for more complex, individualised and digitally enabled products. The focus of Industry 4.0 is on advanced manufacturing on process improvements to help businesses become more productive and deliver new products.



1 Data from Population estimates – local authority based by single year of age (Nomis). Data for 2016.

2 Data from UK Business Counts (Nomis). Data for 2017.

3 Data from Regional Gross Value Added (balanced approach) (ONS). Data for 2016.

4 <https://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Industrie-4-0/Industrie-4-0/industrie-4-0-what-is-it.html>

Manufacturing plays a key role within the North East economy, accounting for 14.3% of the region's GVA<sup>5</sup> and 10.6% of employment<sup>6</sup>. In 2017, the North East exported £12.9 billion worth, including goods valuing £7.4bn of machinery and transport and £2.8bn of chemicals (including pharmaceuticals).<sup>7</sup> The North East's manufacturing firms are concentrated in a number of specialist, high value advanced manufacturing sectors. The SIA has focused on three of these:

- Automotive manufacturing
- Chemicals manufacturing (including bulk and specialty chemicals, polymers and plastics, and materials)
- Pharmaceutical manufacturing.

The Government Office for Science (2017)<sup>8</sup> identified a range of technologies – including batteries; algorithms and machine learning; quantum security of the Internet; and robotics and autonomous systems – that are generating (individually and in combination) opportunities to create applications for businesses, governments and individuals. These digital technologies sense, detect and measure what is happening and use the data this generates to produce insights and drive changes. These technologies have real potential to improve productivity within the North East's advanced manufacturing businesses with key opportunities including:

- Connected factories
- Connected supply chains
- Virtual reality and augmented reality.

The approach set out in this SIA draws on the importance of proximity to support the successful integration of new technologies. Whilst digital businesses are able to transcend geographic boundaries, there is also evidence that proximity to clients can increase opportunities for innovation. In particular, where there is a requirement to share commercially sensitive information around challenges or opportunities a level of trust, often through previous work or knowledge is advantageous. This does not mean that proximity is always required or sufficient alone but that in these circumstances it makes a positive contribution.

The key partners involved in the SIA are North East Local Enterprise Partnership (LEP), Tees Valley Combined Authority, Digital Catapult North East and Tees Valley, CPI, Zero Carbon Futures, Sunderland Software City, High Value Manufacturing Catapult, North East Automotive Alliance, First for Pharma, Durham University (on behalf of the North East's five universities) and the North East England Chamber of Commerce. Through the industry bodies, key private sectors companies have been engaged in and informed the process.

## Vision

**The vision for the SIA is:** To deploy the North East's potential to be at the forefront of the next manufacturing revolution by enhancing the routes to develop and integrate digital technologies into manufacturing process improvements. Through this we will position the North East as the ideal place to articulate, develop and adopt digital approaches to manufacturing to support long-term UK export competitiveness in high-value, advanced manufactured goods particularly focused on automotive, chemical and pharmaceutical sectors.

## Key strengths

As outlined earlier, the North East has specialisms in a number of manufacturing industries - automotive, chemicals and pharmaceutical. A selection of key businesses within these three industries is given below.

Automotive manufacturing	Chemicals manufacturing	Pharmaceutical manufacturing
Nissan Komatsu	AkzoNobel Performance Coatings	Accord Healthcare
Caterpillar		Aesica Pharmaceuticals
Cummins	Applied Graphene Materials	Arcinova
Calsonic Kansei		Biosignatures
Gestamp-Tallent	Banner Chemicals	Fujifilm
Unipres	Biffa Polymers	Diosynth Biotechnologies,
Vantec Europe	CF Fertilisers	GlaxoSmithKline
ZF-TRW R-Tek	Chemoxy International Ltd	Glythera
BorgWarner	Conoco Philips	High Force Research
AVID technology	Dupont Teijin Films	MSD
Hyperdrive	Exwold Technologies	Orla Protein Technologies
	Fine Organics	Piramal Healthcare
	Greenery International Ltd	Sterling Pharma Solutions
	High Force Research	Wasdell
	Huntsman Chemicals	Merck Sharp & Dohme Limited
	INEOS	
	Johnson Matthey	
	Kilfroast	
	Lotte Chemical UK	
	Lucite International	
	Micropore	
	Procter and Gamble	
	Plaxica	
	SABIC Petrochemicals	
	Thomas Swan	
	Tracerco	
	Victrex	

Source: Compiled by SIA consortium members

5 Data from Regional Gross Value Added (balanced approach) (ONS). Data for 2016.

6 Data from Business Register and Employment Survey (Nomis). Data for 2016.

7 Data from HMRC Regional Trade Statistics (HMRC). Data for 2017.

8 Government Office for Science (2017) Technology and Innovation Futures 2017.

The sector is supported by a strong science and innovation base.

- The automotive manufacturing industry in the region is supported by the North East Automotive Alliance (NEAA), the largest automotive network in the UK. The International Advanced Manufacturing Park (IAMP) will offer a high quality, integrated location for advanced manufacturing, with a strong focus on automotive manufacturing adjacent to existing manufacturers. Other assets in the region include, the High Value Manufacturing Catapult, the Automotive and Manufacturing Advanced Practice Centre at the University of Sunderland and Zero Carbon Futures and the planned Centre for Sustainable Advanced Manufacturing.
- The chemicals manufacturing industry is supported by the North East Process Industry Cluster (NEPIC), an award winning membership organisation. Key assets in the region include the Materials Processing Institute, TWI and the Technology Futures Institute and the Centre for Process (CPI) Innovation Graphene Application Centre. The assets and opportunities for the broader chemicals industry is more fully set out in the chemicals and processing SIA.
- The pharmaceutical manufacturing industry is supported by First for Pharma, which brings together some of the world's largest pharmaceutical and biologics manufacturing companies alongside smaller companies to support the development of a regional pharmaceutical manufacturing ecosystem. The sector is supported by the CPI National Biologics Manufacturing, CPI National Formulation Centre and the Newcastle Laboratory. The region also has a number of wider life science assets (including the Academic Health Science Network North East and Cumbria, National Innovation Centre for Ageing, Centre for Ageing and Vitality and Centre for Life). These are important to the pharmaceutical manufacturing industry, with the North East being one of the few locations that can provide an end-to-end translation environment ('bench to bedside').

Looking at the design, development and application of digital technologies, the region's key assets include:

- The Digital Catapult Centre North East and Tees Valley, led by Sunderland Software City, delivers interventions to grow the region's digital economy.
- The National Innovation Centre for Data has been established to help improve organisations' utilisation of data through a programme of collaborative projects. It received an investment of £15 million from Government in 2017, which has been matched by Newcastle University.
- Advanced Research Computing at Durham University brings together researchers from different disciplines to undertake transformative research, focused on (but not limited to) High Performance Computing (HPC). Advanced Research Computing has been awarded status as an Intel Parallel Computing Centre and an NVIDIA CUDA research centre.
- The region has a vibrant range of networks that support the digital sector (including Digital City, Digital Union, Dynamo, Sunderland Software City and Thinking Digital) and a number of start-up and co-working spaces (including BOHO, Immersion Labs, Sunderland Fab Lab and VRTGO Labs/Proto Lab). Other assets include Stellium, the Urban Observatory and the HMRC Digital Delivery Centre.

The importance of advanced manufacturing and the application of digital technologies have been identified by both the North East LEP and the Tees Valley Combined Authority and are prioritised within their strategic documents. This strategic commitment provides a strong basis for action in the region.

## Strategic focus on advanced manufacturing and digital in the North East

North East LEP	Tees Valley Combined Authority
<p>Areas of opportunity</p> <ul style="list-style-type: none"> <li>• Tech North East – Driving a digital surge</li> <li>• Making the North East's future – Automotive and medicines advanced manufacturing</li> <li>• Health Quest North East – Innovation in health and life sciences</li> <li>• Energy North East – Excellence in subsea, offshore and energy technologies</li> </ul> <p>Enabling services</p> <ul style="list-style-type: none"> <li>• Financial, professional and business services</li> <li>• Transport and logistics</li> <li>• Education</li> </ul>	<p>Innovation Strategy key growth sectors</p> <ul style="list-style-type: none"> <li>• Advanced manufacturing</li> <li>• Process and energy</li> <li>• Healthcare</li> <li>• Digital</li> </ul> <p>SEP cross cutting theme</p> <ul style="list-style-type: none"> <li>• Circular Economy</li> </ul>

## Growth opportunities

### Automotive manufacturing

The key drivers of this market are:

- Demand for more connected supply chains, with potential impacts on costs, speed and reliability<sup>9</sup>.
- Requirement amongst automobile original equipment manufacturers (OEMs) to future-proof manufacturing processes<sup>10</sup>.
- Rapid expansion in global connectivity, including cloud computing, big data and analytics and smart sensors<sup>11</sup>.
- Changing consumer markets and government regulation, with electric and autonomous cars being developed in response to changing demand and legislation<sup>12</sup>.
- Increasing labour costs, leading to increasing interest in the use of robotics and other machinery<sup>13</sup>.

In terms of the size of this market:

- The market for automotive robotics was estimated to be worth \$5.07 billion in 2016 and forecast to grow to \$8.44 billion by 2021<sup>14</sup>.
- The market for connected cars is forecast to grow dramatically from its current value of \$30 billion to \$170 billion in 2020<sup>15</sup>.
- The automotive industry's revenue from Internet of Things-related activity is forecast to be \$23.6 billion by 2025<sup>16</sup>.
- The gains to the UK automotive industry from digitisation are estimated to be £6.9 billion per year by 2035, with this increasing GVA by £8.3 billion per year<sup>17</sup>.

The UK is not currently seen as a leader in digitisation of automotive manufacturing – but is thought to have the factors in place that would allow the market to develop rapidly<sup>18</sup>. Within the UK, the Nissan plant in Sunderland is seen as a good example of the adoption of digital technologies<sup>19</sup>.

### Chemicals manufacturing

The key drivers of this market are:

- Mitigating supply chain risks, with Internet of Things technologies seen as offering opportunities (e.g. to track logistics, monitor changes in temperature and humidity, etc.)<sup>20</sup>.
- More efficient management of data, with potential for this to generate valuable insights<sup>21</sup>.
- Safety management, with technologies enabling greater control of manufacturing and delivery processes and the development of alternative processes (e.g. use of drones for safety checks)<sup>22</sup>.

- Growing international competition<sup>23</sup>.

A number of estimates have been made about the potential size of this market including:

- The materials handling robotics market is forecast to be worth more than \$3.4 billion by 2019, with a subsequent annual growth rate of 9%<sup>24</sup>.
- The Internet of Things chemicals market was valued at \$3 billion in 2016, with this forecast to increase to \$4.7 billion by 2025<sup>25</sup>.
- The chemicals software market is forecast to grow at an annual rate of 11% between 2018 and 2022<sup>26</sup>.

Currently there is no evidence on the UK or North East's share of the global market in digitisation for the chemicals manufacturing industry.

### Pharmaceutical manufacturing

The key drivers of this market are:

- Tackling counterfeiting, with digital technologies providing opportunities to reduce counterfeiting in both the supply chain and in end-use products<sup>27</sup>.
- Product traceability, with growing complexity in supply chains and greater data collection making this more important<sup>28</sup>.
- Increase in use of individualised medicines, with intelligent machines, the Internet of Things and data analytics being critical to ensuring robustness and stability of these smaller batches<sup>29</sup>.
- Increased regulation, with businesses increasingly being asked to provide continuous product monitoring<sup>30</sup>.
- Recognition of efficiency gains that can be secured from digitisation<sup>31</sup>. Significant growth is forecast for this market:
- The market for Internet of Things software and services in the pharmaceutical industry was valued at \$420 million in 2015 and is forecast to grow to \$2.5 billion by 2020<sup>32</sup>.
- The market for pharmaceutical robots was valued at \$130 million in 2016 and is expected to grow to \$430 million by 2025<sup>33</sup>.
- The market for data analytics for the pharmaceutical industry is forecast to grow by 15% per annum between 2016 and 2021 (from a value of \$1.3 billion in 2016)<sup>34</sup>.

Similar to chemicals manufacturing, there is no evidence on the UK or North East's share of the global market in digitisation for the pharmaceutical manufacturing industry.

9 World Economic Forum (date unknown) Building a digital automotive industry.

10 Berger, R. (date unknown) The Car Factory of Tomorrow is Digital.

11 World Economic Forum and Accenture (2016) Digital Transformation of Industries: Automotive Industry.

12 ARC Advisory Group (2017) Mercedes Moves to Smart Manufacturing.

13 KPMG (2017) The Digitalisation of the UK Automotive Industry.

14 Global Newswire (23 January 2018) Global Automotive Robotics market 2017-2021: \$8.44

Billion Industrie 4.0 And Made in China 2025 Industrial Plan Opportunities.

15 Grant Thornton (2017) India's Readiness for Industry 4.0: A Focus on Automotive Sector.

16 Statista (2018) Internet of Things: Automotive Segment Revenue Worldwide in 2014 and 2024.

17 KPMG (2017) The Digitalisation of the UK Automotive Industry

18 Grant Thornton (2017) India's Readiness for Industry 4.0: A Focus on Automotive Sector.

19 Ibid

20 EY (2016) Chemicals in Europe – the way forward – balancing the equation with customized innovation and strategy.

21 Deloitte (2016) Industry 4.0 and the chemicals industry: Catalysing transformation through operations

improvement and business growth.

22 ARC Insights (2017) Industrie 4.0 in the Chemicals Industry; and Deloitte (2016) Industry 4.0 and the chemicals industry:

Catalysing transformation through operations improvement and business growth.

23 ARC Insights (2017) Industrie 4.0 in the Chemicals Industry.

24 Modern Materials Handling (30 March 2016) Global material handling robotics market to exceed \$20 billion by 2019.

25 GME (7 January 2018) Internet of Things in Chemicals Market Size, Share, Analysis – Forecasts to 2025.

26 Research and Markets (2018) Global Chemical Software Market 2018-2022.

27 Medical Futurist (date unknown) What the Hell is Blockchain and What Does it Mean for

Healthcare And Pharma?

28 Veeva (date unknown) Pharma 4.0 – time to rethink manufacturing and quality; and Pharma-ceutical

Manufacturing (2016) Creating Value from Smart Manufacturing.

29 Veeva (date unknown) Pharma 4.0 – time to rethink manufacturing and quality.

30 PharmOut (date unknown) Pharma 4.0 – How Industry 4.0 Impacts on Pharma.

31 Markanian, J. (2016) The Internet of Things for Pharmaceutical Manufacturing.

32 GlobalData (20 March 2018) IoT software and services in the pharmaceutical sector will be worth \$2.4 billion

by 2020.

33 Grand View Research (2017) Pharmaceutical Robots Market Size Share Industry Report.

34 PRNewsWire (10 October 2016) Commercial Pharmaceutical Analytics market to Provide Over

USD 1.5 Billion Revenue Post 2016.

## Gap analysis

The SIA has identified a range of assets in the North East in relation to both applied digital technologies and advanced manufacturing. Given the potential size of the market for applied digital technologies in advanced manufacturing, this gives the North East a strong opportunity to develop its digital sector whilst ensuring the ongoing competitiveness of its advanced manufacturing sectors.

There remains some uncertainty on the extent to which North East digital companies are currently working with advanced manufacturing companies in the region and vice-versa. It is clear however from engagement to date that there is scope for more intensive and structured support to enable solutions development and technical update of digital technologies in advanced manufacturing.

## Key ambitions and proposals

Through the SIA process, the partnership has worked to develop a programme to accelerate the adoption of digital technologies within advanced manufacturing businesses in the region, including actions that will help overcome the barriers to uptake. The evidence base suggests that the digitisation of manufacturing is a major opportunity with potential implications for North East export competitiveness. The UK and more specifically the North East are well placed to take advantage of this opportunity. This is particularly true when applied to existing manufacturing strengths such as those in automotive, chemicals and pharmaceuticals. Despite this advantage the sectors are fast moving and there is a need to continually improve to stay ahead of competitors. Alongside increased competitions, changing market demand for complex and integrated products mean there is a need for manufacturers to make use of new technologies to remain competitive and the partnership's ambition is to facilitate this.

The process undertaken for the Science and Innovation Audit, including the gathering of data, consideration of global market trends and engagement of key partners have identified areas of opportunity and potential barriers to uptake that will benefit from additional focus, particularly around:

### Raising awareness and understanding of digital technologies

- Developing a shared language across the advanced manufacturing and digital sectors to better articulate the opportunities applied digital technologies offer to their advanced manufacturing and barriers to uptake.
- Raising awareness of the opportunities, potential and importance of the application of digital technologies for advanced manufacturing.
- Improving senior managers within advanced manufacturing businesses understanding of the scope and value of digital technologies and supporting them to act as champions for digital technologies within their organisations.

### Skills and training

- Enhancing current provision to ensure the digital skills required by the advanced manufacturing and digital sectors in the North East are available. This includes the development of skills of those joining the

labour market for the first time, the current advanced manufacturing and digital workforces and those reskilling.

- Building on existing programmes to provide opportunities for teachers to spend time in the digital and advanced manufacturing sectors to raise their understanding of the skills needs of these sectors, including the importance of digital skills. This will enable them to bring this knowledge and understanding into the curriculum.
- Making use of digital technologies (including virtual reality and augmented reality) to undertake training and skills development within advanced manufacturing (for example, to train workers in advance of a roll-out of a new production line).

### Facilities and networks

- Upgrading and expanding test and demonstration facilities to allow prototyping and testing of new approaches and techniques (including the Centre for Sustainable Advanced Manufacturing).
- Supporting cross-sector innovation sharing success and awareness so that other businesses are made aware of the potential benefits whether this is from a digital business perspective of engaging with manufacturers or vice-versa.

### Business support and growth

- Tailored and active support to understand and access near-to-market opportunities for both the digital and advanced manufacturing sectors for prioritised support.
- Supporting businesses to utilise digital technologies to improve real-time information regarding their supply chains. With changing formulations and source materials this is also highlighted in the chemicals audit and processing science.

Partners have been engaged through a set of workshops to develop projects which support delivery of the vision. Nearly 30 actions were proposed as responding to the challenges and opportunities identified by the Science and Innovation Audit for Applied Digital Technologies. These have been assessed and prioritised by SIA partners, with areas of overlap brought together into a series of ambitions. These will be further developed by the partnership, putting the SIA into practice and enabling the North East to achieve the identified potential.

## Action plan

In considering how best to deliver these ambitions, a wide range of projects were considered. Potential funding routes for each project has also been considered with scope for significant industry participation and input alongside public interventions. Whilst we understand that there is not an automatic or guaranteed link between the work of the Science and Innovation Audit and any particular funding route, there is a clear potential for investment in elements of the action plan through the Industrial Strategy Challenge Fund and Strength in Place funding alongside other public and private sources. This investment is required for medium-term competitiveness to be maintained across the advanced manufacturing sectors and to place North East and UK firms at the forefront of a global market with very significant potential for expansion and growth.

Each of the approaches undertaken underneath the ambitions is essential to deliver productivity improvements and economic growth. The projects focus on building the physical and virtual infrastructure needed to support the integration of digital technologies into areas of manufacturing strength. To achieve this we have included activities to support process innovation, the components required to enable new integrated products, specifically around small batteries, and the skills, finance and test/demonstration facilities required. In each case, developing and adopting these enhance existing regional strengths but together represent an effective, strategic and step change supported by a raft of wider initiatives and sector specific projects. The proposals will be integrated into the wider local ecosystem of business, and research required to be successful.

### **Complete and ensure uptake of the Centre for Sustainable Advanced Manufacturing (CESAM) across manufacturing sectors.**

Through the CESAM project a new hub for the implementation of digital technologies into advanced manufacturing can be developed. From its initial development as a response to the needs of the automotive manufacturing sector, CESAM has the potential to expand to meet the needs of all of the advanced manufacturing sectors that have been examined in this SIA, providing a hub of expertise and test and demonstration facilities to trial and appraise technologies prior to roll out.

### **Programme of support to enable business to understand and engage with the digitalisation of manufacturing process.**

The gap in understanding of the opportunities and scope of digitalisation of the process industries and embedding this into the broader business support provided required a greater focus on these activities. This requires mentoring, 1-2-1 and seminar approaches alongside other supports to facilitate uptake and integration of the new technologies and approaches.

### **Digitalisation and digital manufacturing leadership and skills programme.**

To develop a cross-sector network and structure to identify, refine and develop digital-led solutions for business requirements. This will be supported with further work with universities, schools, colleges and other skill providers to tailor programmes and short courses to meet skills demand. This will

include up- and re- skilling across different age groups to provide lifelong learning. A programme of leadership across businesses to embed and understanding of the potential and value of the application of digital technologies at the plant management level.

### **Improved networks for cross-sector solution development.**

To expand from the current provision to bring together a tailored approach to networking between digital and advanced manufacturing. This will draw on good practice in Sunderland Software City and other local partners where to ensure there is a strong and consistent understanding of opportunities, challenges and potential and a shared language.

### **Identify areas of technology opportunity and deliver supporting infrastructure.**

A number of specific technology areas have been identified as being relevant to the digitalisation of manufacturing and relevant local strengths. To support the embedding of the digital technologies the appropriate supporting infrastructure to develop, test, demonstrate and roll-out these technologies is required. Through the process to date opportunities have been around on-board technologies for automotive and for personalisation and smart-packaging for pharmaceuticals.

## Networking and collaboration

By its nature a SIA, focusing on the integration and application of technologies and techniques from one area (digital) to another (advanced manufacturing) and by drawing together partners across sectors (automotive, pharmaceutical and chemicals) has shown potential for new collaborations and improved networks.

Through the partnership the beginnings of a longer-term alliance of interested and engaged partners is being built to support practical delivery of the resulting actions. This has been supported through two primary routes:

- A Steering Group was established for the SIA with representatives from sectoral bodies, universities and LEPs brought together to facilitate the development process. This has enhanced the connections between partners and led to new insights and relationships.
- Through the partner workshops that brought together the wider partners to develop the work plan. A further workshop is planned to initiate the process of moving the SIA partnership to a longer-term approach. It is anticipated that this will be cross-sector to provide maximum connections and opportunities but will also facilitate smaller scale activities between specific elements of the partnership.

In supporting this, we are able to build on existing relationships and mechanisms to support interaction including the Innovation SuperNetwork and the growth hubs. These provide routes to continue and expand engagement.

The delivery of the SIA has brought together a new set of partners to support the delivery. This is intended to be a starting point for long-term development and actions. As part of the process we have therefore established a route and process for undertaking the next steps in developing and delivering the proposed interventions and actions.



**For more information contact North East LEP**

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**27 September 2018**

**ITEM 9: National LEP Review**

**1.0 Background**

1.1 On 23 July 2018, Government issued a policy paper entitled 'Strengthened Local Enterprise Partnerships', which is the result of a detailed review of Local Enterprise Partnerships (LEPs) nationally. The document can be found at:

<https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships>

The Executive Summary states that 'In the Industrial Strategy, Government committed to work with Local Enterprise Partnerships to bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries. It is critical that Local Enterprise Partnerships are independent and private sector led partnerships that are accountable to the communities they support. At the same time, it is important to set out a model that will underpin future national and local collaboration. This will be essential to the development of Local Industrial Strategies and in the context of the future UK Shared Prosperity Fund.'

The Government-led review of LEPs culminated in the publication of this document, which includes a series of Government commitments alongside a number of changes for LEPs to implement.

This paper sets out the key areas covered, the requirements for both Government and LEPs and the next steps around implementation.

**2.0 LEP Review – content**

2.1 Roles and responsibilities – The review states that over recent years LEPs have played a key role in convening local economic stakeholders to develop evidence-based economic strategies. They have helped to identify key investment opportunities and interventions with the potential to increase growth in towns, cities and rural areas across the country. LEP Chairs have also acted as authoritative advocates for their local economy.

The North East Strategic Economic Plan (SEP) was developed by the North East LEP to champion economic growth in our region, and is a key document which our stakeholders 'own' and support delivery.

The review commits Government to:

- Publishing a statement on the role and responsibility of LEPs;
- Publishing a statement on Local Industrial Strategies (LIS);
- Commissioning an independent annual economic outlook.

LEPs are required to:

- Develop an evidence base to underpin the LIS;
- Publish an annual delivery plan and end of year report with KPIs.

2.2 Leadership and organisational capacity – The review states that successful LEPs are led by influential private and public sector leaders, acting as champions for their area’s economic success. Since their formation, LEPs across the country have benefitted from business expertise and acumen. They have created new partnerships between the public and private sector across administrative geographies that represent the diversity of local businesses and communities. LEPs prioritise policies and actions on the basis of clear economic evidence and intelligence from businesses and local communities. Their interventions are designed to improve productivity across the local economy to benefit people and communities with the aim of creating more inclusive economies. To do this effectively LEPs must have robust governance arrangements that provide the operational independence to take tough decisions and hold local partners to account for delivery. This also requires LEPs to have the organisational capacity to fulfil their roles and responsibilities. They must have the means to prioritise policies and actions, and to commission providers in the public, private sector and voluntary and community sector to deliver programmes.

The review commits Government to:

- Increase LEP dialogue across Whitehall, with the Prime Minister and allocate a Whitehall Sponsor;
- Support LEP Chair recruitment if required;
- Develop an induction programme for Board Members on working with Government;
- Provide up to £20 million between 2018-2020 in additional capacity funding to support LEPs to implement the review and provide the strategic and analytical capability needed to develop ambitious LISs.

LEPs are required to:

- Consult their business community when appointing a new Chair;
- Review Board Membership to conform to:
  - Maximum of 20 Board Members (plus potential for 5 co-opted);
  - Have a minimum of two-thirds private sector members;
  - Have a minimum of one-third women by 2020 and a half by 2023;
  - Represent the business community they serve.
- Provide a secretariat independent of local government;
- Develop a strong local evidence base and robust evaluation.

2.3 Accountability and performance – The review states that LEPs already recognise that they must operate to the highest standards of accountability and transparency in the use of public funding, which is set out the Assurance Frameworks. Government will strengthen the standardised national framework that ensures LEPs remain autonomous and independent bodies with local decision making powers. Sitting alongside this, the Government will agree with the LEP Network

how it will support Local Enterprise Partnerships to share best practice, undertake peer-review and work together as a sector to embed a culture of good governance and self-regulation.

LEPs operate on organisational structures that support local decision making and provide greater assurance over the management of public funding, which should enable clear lines of accountability for delivery with local partners, as well as democratic, public and business scrutiny of decision making.

The review commits Government to:

- Continue to maintain overall accountability for the system of LEPs and LGF, and implement the Mary Ney Review recommendations;
- Publish annual performance against quantitative and qualitative measures set out within LEP delivery plans;
- Set out an escalating approach to intervention in any instances where LEPs demonstrate that they are found to be underperforming;
- Develop LEPs as a sector with regular peer reviews.

LEPs are required to:

- Have a 'legal personality', such as incorporation as companies, or with an accountable body if within a mayoral combined authority or combined authority;
- Set out clearly and transparently the responsibilities of the Chair, Board, Director, and Accountable Body, including over spending decisions, appointments, and governance.
- Actively participate in relevant local authority scrutiny panel enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions.
- Hold annual general meetings open to the public to attend.

2.4 Geography – The review states that a key strength of LEPs is to bring together business and civic leaders across local administrative boundaries and provide strategic direction for a functional economic area. This will remain central to the success of LEPs. However, current geographic boundaries need to be reviewed to ensure that they are fit for purpose for the expanded LEP role being proposed, especially given that some LEP spatial areas overlap. This is not the case in the North East, where we neatly border the three LEPs of Cumbria, Tees Valley and York, North Yorkshire and East Riding. Government considers that retaining LEP geography overlaps dilutes accountability and responsibility for setting strategies for places and is seeking to ensure that all businesses and communities are represented by one LEP and are of sufficient scale to provide the strategic direction and efficient delivery of future programmes.

The review commits Government to:

- Ask LEPs to set out their geography to reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.
- Support all LEPs to collaborate across boundaries where interests are aligned.

LEPs are required to:

- Set out their geography by 28 September.

- 2.5 Mayoral combined authorities (MCA) – The review states that Government has supported local partners to establish MCAs as democratically accountable bodies focused on driving growth and remains open to conversations with other local areas that wish to explore the potential for devolution, where clear local support and a strong economic case for doing so can be demonstrated. The Government recognise that greater alignment and collaboration between MCAs and LEPs is administratively efficient and leads to a greater economic impact, whilst still retaining private sector acumen in decision making. The precise nature of the relationship between these two institutions, however, will need to take account of the local governance arrangements.

The review commits Government to:

- Consolidate its engagement with MCAs and LEPs with a collaborative approach to agreeing a LIS;
- Work with each LEP and MCA to:
  - Ensure LEPs have a distinctive role in setting strategy and commissioning interventions to drive growth, jobs and private sector investment;
  - Develop local agreements which clearly set out roles, responsibilities and accountability;
  - Move towards coterminous geographies where it is appropriate in line with the wider discussions on LEP overlapping and functioning geographies.

### **3.0 LEP Review – next steps**

3.1 Government have requested that each LEP submits:

- A statement about their geographical coverage to omit LEP spatial overlaps and confirm their functioning economic area by 28 September.
- A plan for implementing the review recommendations including a proposal for additional funding by 31 October.

### **4.0 LEP Geography**

4.1 The North East LEP does not propose to amend its geographic coverage, as it does not overlap with any other LEP and is a functional economic area, which is evidenced by the Strategy Economic Plan evidence base.

The LEP area has a boundary with three other LEPs (plus Scotland). Two of these LEPs (Cumbria and Tees Valley) have indicated that they also plan to make no changes to their coverage. Whilst the third (York, North Yorkshire and East Riding) is planning to bring forward a recommendation to change, as it overlaps other LEPs to the south and west in Yorkshire. This does not have any implications for the North East LEP area.

No change is required as the North East LEP is a functional economic geography, with widespread understanding of and commitment to the geography and the Strategic Economic Plan by local partners. The seven local authorities have

recently signed a Deed of Cooperation committing to one LEP.

The North East LEP area:

- Is the sixth largest LEP in terms of landmass (covering just over 3,000 square miles) and the seventh largest in terms of population (with population of just under 2 million);
- Has 96% of jobs within the North East LEP area taken by those who live in the area;
- Has a figure of 79% of those who live in the area also work in the area with the main outward flow into Tees Valley and smaller flows into Scotland, rural North Yorkshire, (where it bounds the North East LEP area in Richmondshire), Leeds and Carlisle. Given the polycentric nature of the region alongside its large rural area, there are also a number of more localised labour markets within the LEP area;
- Has industrial specialisms (including automotive and pharmaceutical manufacturing, digital, energy and health and life sciences) which rely on supply chains and assets that are located across the North East LEP area. For example, the Centre for Energy Systems Integration at Newcastle University is undertaking research into batteries that will be central to the future success of the automotive manufacturing cluster that is located in Sunderland/South Tyneside;
- Has housing markets which are strongly interrelated to the employment demand and labour market flows as set out in research undertaken by NLA in 2010 as part of the North East Governance Review;
- Has transport governance at the same geography with an Integrated Transport Authority (Nexus) responsible for transport in the Tyne and Wear urban core.

This position will be set out to Government by 28 September as requested.

## **5.0 LEP Review Implementation Plan**

5.1 Government have requested that LEPs provide a position statement and implementation plan for the required changes on the key areas set out in the review. The proposed substance for the North East LEP response is set out in brief in Appendix one.

## **6.0 Recommendation**

6.1 The Board is recommended to:

- a) Approve the LEP geography submission as set out in paragraph 4.1;
- b) Endorse the direction of travel on the Implementation Plan, as set out in appendix one, and delegate to the LEP Chair for approval and submission, along with the proposed funding request, by 31 October.

## Appendix one – Approach and information to inform the LEP Review Implementation Plan

LEPs are required to:	North East LEP proposed response to include:	Timeline
Produce an annual delivery plan by 31 March 2019.	Translate the updated Strategic Economic Plan programmes and developing Local Industrial Plan strands into a transparent delivery plan which can be reported to the Board	By 31 March 2019
Produce an end of year report for 2019/20.	Review the current Annual Review style to better reflect and document the performance of the Annual Delivery Plan	By 31 May 2020
Consult the business community before appointing a new Chair or Vice Chair.	Develop a policy note on process and utilise the business organisations to endorse the LEP Board recommendations	By 31 March 2019
Define term limits for Chairs and Vice Chairs	Already set out in the LEP Constitution	n/a
Have a maximum board of 20 people.	Already compliant with 18 members on the Board.	n/a
Have at least two thirds of the Board from the private sector.	The LEP Board is already business-led and meets the intent of this proposal. Therefore the intention is to seek an exception from Government to retain the 7 public sector members, which would equal 38.9% rather than 33.3%. Any change at this time would be disruptive given the wider regional governance changes.	Await Government response to the proposal
Have one third female Board members by March 2020 and one half by 2023.	Clarification has been sought from Government to confirm whether this includes elected members or not. If it does not, then the Board already is compliant. If it does, then the next private sector Board member recruited will need to be female.	Await Government response to the proposal
Have a secretariat independent of local government	Already compliant	n/a
Establish a 'Legal Personality' by April 2019.	Already compliant with a Combined Authority accountable body. However, a local review of the	By 1 April 2019

	LEP's current accountable body has been requested by the seven local authorities, as a consequence of the MCA being established, and will therefore also include the option of establishing a Company model.	
Identify a single Accountable Body by March 2020 to be responsible for funding.	Already compliant with a Combined Authority accountable body, however, this may change as a consequence of the accountable body review proposed above.	By 31 March 2020
Hold an Annual General Meeting (AGM) during 2019/20.	Identify an appropriate Board date for the public AGM to take place.	By 31 March 2020
Set out who is accountable for spending decisions, appointments, and overall governance locally.	Produce a paper for LEP Board approval	By 31 March 2019
Set out external scrutiny and expert oversight arrangements.	Already compliant with the accountable body's Overview and Scrutiny Committee undertaking this role.	n/a
Develop and publish an agreement between the LEP and MCA, which sets out respective roles and responsibilities to provide clarity on accountability for public funding.	Aim to produce a paper for November LEP Board in line with the timeline to establish the MCA.	By 30 November 2018

**DATE 27 September 2018**

**ITEM 10 : Company Membership**

**1. Background**

- 1.1 On 25<sup>th</sup> May 2017, the North East Local Enterprise Partnership board agreed that the Executive Team could begin exploring setting up a Company Limited by Guarantee to sit alongside the current arrangements. This would not replace the North East LEP's voluntary partnership model with an accountable body but a vehicle to sit alongside to enable additional funding to be secured.
- 1.2 On 27<sup>th</sup> July 2017, the North Local Enterprise Partnership agreed to:-
- (i) Establish a company limited by guarantee to sit alongside the current LEP model to be responsible for procuring external funding and the delivery of specific projects in furtherance of the SEP; and
  - (ii) Delegate final approval of the company structure to the Chair and Vice Chair of the LEP Board and Vice Chairs of NECA in consultation with the NECA Monitoring Officer and Chief Executive of the LEP.
- 1.3 The NECA Leadership Board confirmed the LEP decision and delegated authority to the Head of Paid Service (in consultation with the Monitoring Officer and Chief Finance Officer) to all steps necessary to establish the Company.

On 12 March 2018 a Delegated Decision was taken by the NECA Head of Paid Service (incorporating the decision of the Chair and Vice Chair of the LEP Board) to agree the constitutional documents for the new Company and authorise its incorporation.

- 1.4 The company limited by guarantee was incorporated on 23 April 2018, with Company Number 11323742.
- 1.5 The North East Growth Company is a not for profit Company Limited by Guarantee for the purpose of attracting funding where the LEP is currently precluded from applying or bidding for as a public body.
- 1.6 The Company was initially incorporated with four Directors - Helen Golightly, (the Chief Executive of the North East LEP), Patrick Melia, on behalf of the Head of Paid

Service of NECA (in his capacity as Deputy Head of Paid Service), Peter Judge, NECA Monitoring Officer and Paul Woods, NECA Chief Finance Officer. The Monitoring Officer also serves as Company Secretary.

- 1.7 Three vacancies for directors remain on the Company Board. The Articles of the Company prescribe that these three directors must be nominated by the North East LEP and notified to the Company in writing.

## **2.0 Proposal**

- 2.1 The North East Growth Company was created as a vehicle capable of applying for and receiving funding from bodies which the LEP itself, as an unincorporated Public Private Partnership, would not have been eligible to apply for. The Board has a majority of four members drawn from the LEP (three LEP Board members and the LEP Chief Executive) plus the three Chief Officers from NECA to ensure that the accountable body responsibilities of NECA are also considered.
- 2.2 The North East Growth Company has now been established as a not for profit company set up for the purpose of attracting funding and these restrictions have been written in the company's articles.
- 2.3 To fully populate the Company Board, this paper seeks the nomination of three members of the LEP Board to fill the remaining director vacancies. It is anticipated that only a small number of board meetings will be required (we assume a maximum of quarterly meetings) although we anticipate the Board members will be invited to comment upon and sanction bidding opportunities between meetings if required.
- 2.4 When the NECA Leadership Board considered this matter it was anticipated that the Chair and two Vice-Chairs of the LEP Board might wish to take up these vacancies, but it is a matter for the LEP Board who they wish to nominate. The second Vice Chair position of the LEP Board remains vacant at present.
- 2.5 The Company Board will be required to consider the capacity of the organisation to deliver projects, noting the aims of the company are to identify gaps in delivery not displace existing delivery, and to deliver regional activity to deliver the strategic economic plan.
- 2.6 It is registered with Companies House and will produce accounts and an annual return each year.
- 2.7 Research suggested that having corporate members would disqualify the company from obtaining funding from the target funding sources and therefore only individuals will be Members of the Company.
- 2.8 All of the Members of the Company will also be Directors of the company to keep the structure simple.

2.9 The purpose of the company and therefore the North East Growth Company Board will be to help to achieve the objectives set out in the North East's Strategic Economic Plan and therefore will be required to report to the North East Local Enterprise Partnership Board on a yearly basis.

### **3.0 Recommendation**

3.1 The Board is recommended to nominate three members of the LEP Board to serve as members and directors of the North East Growth Company Limited. The Board is asked to consider whether the three positions should be taken by:

- a. The Chair, Vice Chair and one other member to be agreed at the meeting; or
- b. Three other members to be agreed at the meeting.