



Economic Development Digital Advisory Board

Tuesday 7 March 2023 at 2.00pm

Meeting to be held at: Committee Room 2, Durham County Hall, DH1 5UQ

www.northeastca.gov.uk

AGENDA

| | Page No |
|---|----------------|
| 1. Apologies for Absence (Members) | |
| 2. Declarations of Interest | |
| Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted to the Strategy & Democratic Services Assistant). Please also remember to leave the meeting where any personal interest requires this. | |
| 3. Minutes of the Previous Meeting held on 12 July 2022 | 1-6 |
| For approval as a correct record | |
| 4. Economic Update | 7-9 |
| 5. Date and Time of Next Meeting: 25 April 2023 at 2.00pm | |

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Economic Development and Digital Advisory Board

Draft Minutes for Approval

12 July 2022

(2.00pm – 3.00pm)

Meeting held at: Mayor's Parlour, Sunderland City Hall, SR1 3DP

Present:

Councillors T Dixon (in the Chair), G Miller, M Brain, M Meling (attended as member of public)

Co-opted Members

Officers Sherwood-Parkin (Senior Economic Policy Manager – South Tyneside Council), Michelle Duggan (Inward Investment Manager – Invest North East England), Toby Ord (Strategy and Democratic Services Assistant – NECA)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Gavin Armstrong.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES OF THE MEETING HELD ON 22 FEBRUARY 2022

The minutes of the previous meeting held on 22 February 2022 were approved as a correct record.

4 **ECONOMIC RECOVERY UPDATE**

Submitted: Report of the Corporate Lead for Policy and Insight, South Tyneside Council (previously circulated and attached to official minutes).

The Corporate Lead for Policy and Insight presented the report providing an update on the regions current position in context of economic recovery following the pandemic.

It was stated that there have been challenges for businesses and residents regarding the cost of living and inflation; with inflation at a 30-year high, looking to reach 11% by the end of this year. These numbers aren't expected to fall until 2024, therefore these challenges are likely to be with us for the foreseeable. The North East Chamber of Commerce was said to have released a report concerning these issues.

Businesses have voiced concerns over recruiting, training, and retaining staff, with low business and consumer confidence affecting all markets. Due to rising inflation and cost of living, many are cutting back on eating out and buying clothes / luxuries. This was said to have had a knock-on effect to the retail and hospitality industries. It was also added that the NatWest Business Activity Index has revealed that the North East's growth is the lowest of all regions within the UK.

Members were informed that despite these concerns, businesses have shown an intent to take on more staff, and that good feedback had been received from visitor attractions during Easter and the Platinum Jubilee. In addition, footfall levels were said to have risen from 85% to 90% of pre-pandemic levels.

It was noted that foodbank usage has risen in the face of rising utility bills, with foodbank donations falling due to similar reasons. The North East was said to have the highest rates of children from low-income households - these issues are likely to feed through to the labour market. In addition, many have begun to leave the labour market post-pandemic due to ill-health or early retirement, despite this it was noted that claimant counts are down since the heart of the pandemic.

Members questioned the impact of the Levelling Up Agenda in the region, however it was stated that the gap in child poverty and worklessness hasn't changed. It was noted that Authorities are awaiting the deadline for bidding in the Levelling Up Fund which was postponed in May - a decision is expected to be made sometime within Autumn. Progress was also said to have been made on the UKSPF.

RESOLVED – That:

- i. the report be noted.

5 INWARD INVESTMENT UPDATE

Submitted: Report and presentation of the Inward Investment Manager, Invest North East England (previously circulated and attached to official minutes).

The Inward Investment Manager for Invest North East England (INEE) delivered the presentation which provided an overview of INEE’s activities since February 2022.

It was noted that there are many electrification projects underway across the North East Region. The North East was noted as the leading region in the electric vehicle and battery sectors, with plenty of investment over the last 10 years. A potential 78k jobs could be created in these sectors by 2040, with the North East procuring many due to our unique combination of assets and facilities, with decarbonisation being a key focus of many investors.

The North East was said to offer a competitive location due to our range of available competitively priced sites - these sites were said to be development friendly, with accommodating planning systems and ‘oven-ready’ sites. The region was also noted as having excellent connectivity, leading to the ease of movement in people and goods, as well as decent digital connectivity. Atop this, the North East is the second most cost-efficient location in the UK, with low unionisation leading to one of the lowest rates of work days lost due to strikes in the country.

Members respectfully informed the Inward Investment Manager that there are many Unions in North East workplaces, however the reason for low strike rates is because these Union’s work in harmony with management.

10-11 billion has been invested in electrification in the UK, with 40% of this coming to the North East - 30% in the last 2 years. It was noted that battery recycling is not currently a capability, however this is a target for INEE with 5 projects currently live aiming to make this achievement. Some projects include using second life batteries to provide energy storage for offshore windfarms.

The region was also said to provide strategic bases for operations, with Original Equipment Manufacturers (OEMs) and Research and Development

(R&D) centres in close proximity, with opportunities for R&D integrated facilities provided by local universities.

It was noted that the region has a good skills base but are in short supply of highly qualified senior engineers, with automotive companies in high requirement. Despite this it was noted that there is a good talent pipeline, with five local universities with strengths in electrification, with a long tradition of advanced manufacturing in the automotive sector. The North East has over 127k degree level or above students, with 50% in STEM subjects and a good proportion of that in energy and engineering.

INEE provides support across a range of business issues, with soft landing packages, accommodation, and analysis of schools for families of those looking to relocate. Each client receives a dedicated manager to assist. Financial incentives were said to be important to clients, INEE subsequently points them in the direction of national level funding, with strategic investments receiving large scale investment grants at roughly £1.25m. Furthermore, with devolution comes local grants and how each investment falls into a specific financial package.

Members were also informed of that INEE has created a webpage dedicated to electrification in the North East (www.electricnortheast.co.uk). Included is an interactive assets map with keys for innovation, OEMs, and R&D opportunities and more. Initial website stats show that people are using the website but also remaining; reusing and reading the content within. It was also noted that a digital brochure is also in circulation, with a lot of work being done on social media also.

The Inward Investment Manager went on to cover an array of events and collaborations conducted by INEE, with international cooperatives in China and Taiwan and looking to conduct work in India.

It was conceded that skills shortages is a challenge for the region, with a detailed analysis of labour market required to make a start on tackling the issue. It was posed that we must find a method of developing skills for new technology, and promote careers to children at a younger age, however it is necessary that young people have accessible training opportunities in their local area.

Members were made aware that NoTCA has a specialist in electrification who INEE are working closely with. NoTCA also have access to further funding in this respect. The North East Battery Alliance is also looking to develop skills on the R&D side.

Members aired concerns over skills shortages, however it was stated that there is little funding at a national level. The LEP is said to be focussed on sourcing funding in relieving skills shortages in the region, as well as engaging Teachers to assist Students as there is little careers guidance at school level.

Members were also concerned that with new investment in the area, strengthening the job market, it would be likely that these employers poach workers from smaller local businesses. It was conceded that many are likely to reskill as new projects get into motion, however the necessity for engineers now and in the future was stressed.

Another Member suggested that we advertise the opportunity for people to come and study STEM subjects in the North East and remain to work. The Inward Investment Manager agreed with this suggestion noting that aggregate demand would resonate with the cause by incentivising engineers from across the country to stay and work in the North East.

The delivery was closed with a brief outlining of key statistics since the last meeting, noting that there have been 6000 new jobs, the highest proportion in any region outside of London. Amazon has not been included in this metric. An analysis report with a breakdown of statistics can be submitted by INEE upon request.

RESOLVED – That:

- i. the report and presentation be noted.

6 **DATE AND TIME OF NEXT MEETING**

Tuesday 22 November 2022 at 2.00pm.

Economic Development and Digital Advisory Board

Date: 7 March 2023

Subject: Economic Update

Report of: Corporate Lead for Policy and Insight

Executive Summary

The purpose of the presentation is to provide an update on activity and progress under the Economic Development and Digital (EDD) theme of the North East Combined Authority.

The presentation provides an overview of the economy and the labour market across the NECA area, as well as the Chancellor's upcoming budget.

Recommendations

The Advisory Board is recommended to note the contents of the report and presentation.

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1.0 Background Information

1.1 The presentation provides an update on activity and progress under the Economic Development and Digital theme of the Combined Authority, specifically:

- Economy;
- Labour Market;
- The upcoming Spring Statement

2.0 Proposals

2.1 To note the contents of the report and presentation.

3.0 Reasons for the Proposals

3.1 This report provides an update on Economic Development and Digital theme.

4.0 Alternative Options Available

4.1 There are no alternative options associated with this report.

5.0 Next Steps and Timetable for Implementation

5.1 A further update will be provided to the Board at subsequent meetings.

6.0 Potential Impact on Objectives

6.1 The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

7.0 Financial and Other Resources Implications

7.1 There are no financial or other resource implications directly associated with this report as it is for information only.

8.0 Legal Implications

8.1 There are no legal implications arising from this report.

9.0 Key Risks

9.1 There are no specific risk management issues arising from this report.

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10.0 Equality and Diversity

10.1 There are no specific equality and diversity issues arising from this report.

11.0 Crime and Disorder

11.1 There are no specific crime and disorder issues arising from this report.

12.0 Consultation/Engagement

12.1 There are no specific consultation and engagement issues arising from this report.

13.0 Other Impact of the Proposals

13.1 There are no further impacts arising from the proposals.

14.0 Appendices

14.1 None

15.0 Background Papers

15.1 None.

16.0 Contact Officers

16.1 Rory Sherwood-Parkin, Corporate Lead – Policy & Insight, South Tyneside Council, rory.sherwood-parkin@southtyneside.gov.uk

John Scott, Head of Economic Growth, South Tyneside Council
john.scott@southtyneside.gov.uk

17.0 Sign off

- 17.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

18.0 Glossary

18.1 None.