



North East Combined Authority

**DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND**

## **Economic Development Digital Advisory Board**

Tuesday 25 April 2023 at 2.00pm

Meeting to be held at: Saltwell Room, Gateshead Civic Centre, NE8 1HH

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## AGENDA

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### 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 7 March 2022** **1-4**

For approval as a correct record

**4. Inward Investment Update** **5-7**

**5. Date and Time of Next Meeting:** 11 July 2023 at 2.00pm  
(To be agreed at AGM)

Contact Officer: Toby Ord

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### **Economic Development and Digital Advisory Board**

#### **Draft Minutes for Approval**

7 March 2023

(2.00pm – 2.45pm)

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

#### **Present:**

Councillors T Dixon (in the Chair), E Scott, G Miller.

Co-opted Members

Officers Rory Sherwood-Parkin (Corporate Lead for Policy & Insight – South Tyneside Council), Guy Currey (Director – Invest North East England), Gavin Armstrong (Policy and Scrutiny Officer – NECA), Toby Ord (Strategy and Democratic Services Assistant – NECA)

#### **1 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **3 MINUTES OF THE MEETING HELD ON 12 JULY 2022**

The minutes of the previous meeting held on 12 July 2022 were approved as a correct record.

## ECONOMIC UPDATE

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

Rory Sherwood-Parkin delivered a presentation including analysis and commentary on latest economic figures, ongoing challenges faced by businesses, as well as local economic trends.

A brief overview of the economy was provided, noting that the UK narrowly avoided a recession at the end of 2022, with 0% growth in the final quarter. The Bank of England (BoE) and the Office for Budget Responsibility (OBR) expect a recession in the near future, though this is now presumed to be shallower than first thought, nor will it last as long. Current estimates are four to five quarters. There has been minimal GDP growth and businesses continue to express concern surrounding energy costs and supply chain shortages. Cost of living remains an issue, with inflation reaching 10.1%. Further rises to bills for businesses and households in April are expected, also posing worry.

The British Chamber of Commerce's Quarterly Economic Survey reports that businesses have found it difficult to recruit new staff. Reports from NatWest were said to have identified a fall in business activity in the North East, whereas Lloyds reported a rise – a contradictory, uncertain picture. Corporation tax is expected to rise to 25% from 19% in April.

It was noted that any growth throughout 2023 will be minimal, and the likelihood of unemployment increasing significantly will only grow if concerns are not addressed.

It was noted that the high claimant count throughout the pandemic has fell drastically from 7.5% to 4.2%, with falls plateauing slightly. Many were said to have left the labour market following covid due to ill health, long term sickness, early retirement or becoming students, however this has begun to change, with many beginning to return to the job pool. Employment and unemployment have both risen, this is thought to be resultant of inflation and an ongoing skills / recruitment mismatch.

The Board was made aware that the Chancellor's Spring Budget will be revealed on 15 March, accompanied by the Budget Responsibility Forecast. It was noted that the OBR and BoE have both struggled for accuracy on their forecasts for the past 4-5 years due to uncertainty. Energy price cap is likely to remain at £2,500. The rest of the budget is likely to be inflation orientated, with fuel duty frees and cuts to alcohol duty likely, though there will be no further energy support.

There is also possibility of a mention for investment zones, as well as the next round of the Levelling Up Fund and household support funds for Local Authorities and vulnerable residents. Hope exists for a focus on supporting the economically inactive into work close to the labour market.

The Local Government Association have requested a proper settlement for Local Authorities as 90% of Councils are looking to cut spending or dip into reserves in light of the current economic situation. They've also requested further support for Councils in such areas, particularly in regard to Adult Health and Social Care, as well as Net Zero policies and the Leisure industry too.

The North East Chamber of Commerce (NECC) has requested more business investment incentives, along with support for research and development, and free school meals to alleviate pressure on families. The Federation of Small Businesses requests coincide with the NECC's, with additional calls for business relief for small and medium-sized enterprises (SMEs).

Concluding, it was noted that Local Authorities aim to work closely with businesses and residents in the coming months to help combat aforementioned issues, getting the economically inactive back into work. Guy Currey added that the issues mentioned resonate with Invest North East England's investment activities.

Councillor Miller thanked Rory for his summary, concurring that there is a mixed picture, with claimant count down but unemployment up with one million vacant jobs. He added that the public reassessed their work life balance through the pandemic, leading many to leave the workforce for good. It was noted that the UK lacks an industrial plan, with little strategic vision for a happy workforce. Industries are unable to match more lucrative roles with more attractive terms.

Members discussed worker benefits such as subsidised and funded travel when starting or finishing work during unsociable hours, stating that workers must be incentivised to carry out these roles. Businesses must recognise workforce requirements.

The Chair commended and noted thanks for all essential workers, as well as for Rory and Guy for their contributions. Rory noted that businesses haven't noted the increase in corporation tax as an issue, with concerns directed at energy costs, especially for manufacturers and small businesses. The increase in corporation tax is likely to hit SMEs the hardest. With reference to the Levelling Up fund, it was also noted that Local Authorities who have already been successful cannot bid again following.

Councillor Miller added that NECA has a strong group of Leaders who all have trust and faith in one another. He noted a requirement for a focused local strategy, working with the Government, partners, the voluntary sector, and all other relevant parties to fully exercise our ability to achieve our goals.

**RESOLVED – That:**

- i. the report and presentation be noted.

5 **DATE AND TIME OF NEXT MEETING**

Tuesday 25 April 2023 at 2.00pm.

### **Economic Development and Digital Advisory Board**

**Date:** 25 April 2023

**Subject:** Inward investment Update

**Report of:** Director, Invest North East England

#### **Executive Summary**

The purpose of this item is for the Advisory Board to receive a presentation on current activities and key achievements relating to inward investment. The presentation will cover: overview of Invest North East England service; key sector and market focus; summary of successes and key projects; sector-based opportunities and growth; key issues for 23/24 and beyond.

The final presentation will be available on the day of the meeting.

#### **Recommendations**

The Advisory Board is recommended to note the contents of the report and presentation and recommended that a further update be provided later in the year.



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## **Economic Development and Digital Advisory Board**

### **1. Background Information**

1.1 The report will be provided in PowerPoint form.

### **2. Proposals**

2.1 The report is for information.

### **3. Reasons for the Proposals**

3.1 The report is for information.

### **4. Alternative Options Available**

4.1 Not Applicable.

### **5. Next Steps and Timetable for Implementation**

5.1 The promotion of the North East in key sectors will continue throughout 2023/24 and an update report will be provided later in the year.

### **6. Potential Impact on Objectives.**

6.1 Links to the delivery of the North East Strategic Economic Plan.

### **7. Financial and Other Resources Implications**

7.1 Invest North East England's activities will be delivered within its 2023/24 budget.

### **8. Legal Implications**

8.1 There are no legal implications arising from this report.

### **9. Key Risks**

9.1 Any key risks will be set out in the presentation.

### **10. Equality and Diversity**

10.1 There are no implications arising from this report.

### **11. Crime and Disorder**

11.1 There are no implications arising from this report.





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## Economic Development and Digital Advisory Board

### 12. Consultation/Engagement

12.1 This is not applicable.

### 13. Other Impact of the Proposals

13.1 This is not applicable.

### 14. Appendices

14.1 There are no appendices.

### 15. Background Papers

15.1 There are no background papers.

### 16. Contact Officers

16.1 Guy Currey, Director, Invest North East England,  
[guy.currey@inee.co.uk](mailto:guy.currey@inee.co.uk)  
07825 430315

### 17. Sign off

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

### 18. Glossary

18.1 Not applicable.