

Economic Development Digital Advisory Board

Tuesday 23 November 2021 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 27 July 2021	1-6
For approval as a correct record	
4. Regional Economic Recovery	7-24
5. Update on Invest North East England Activity	25-40
6. Durham County Council Digital Update – Project Gigabit	41-59
7. Date and Time of Next Meeting: 22 February 2022 at 2.00pm	

Contact Officer: Toby Ord

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Email: toby.ord@northeastca.gov.uk

Economic Development and Digital Advisory Board

Draft Minutes for Approval

27 July 2021

(2.00pm – 3.15pm)

Meeting held: Reception Room, Town Hall and Civic Suite, South Shields Town Hall, Westoe Road, South Shields, NE33 2RL

Present:

Councillors G Miller (in the Chair), A Hopgood, M Brain, M Walsh

Co-opted Members

Officers Nicola Robason (Monitoring Officer – Core, NECA), Rory Sherwood-Parkin (Senior Economic Policy Manager, South Tyneside Council), Catherine Auld (Assistant Director of Economic Regeneration, Sunderland City Council), Bethany Handson (Strategy and Democracy Support Officer, South Tyneside Council),

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr T Dixon, Patrick Melia and G Hall.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON 23 FEBRUARY 2021

The minutes of the previous meeting held on 23 February 2021 were approved as a correct record.

4. **DIGITAL UPDATE**

Submitted: A report and presentation of the Thematic Lead for Economic Development and Digital (previously circulated and attached to Official Minutes).

Victoria Murray (Head of Digital and Customer Services, Durham County Council), delivered a presentation providing information on the practical implementation of digital initiatives in the NECA area, focusing on Durham County Council.

The presentation covered the following topics:

- Durham's Vision and Digital Strategy;
- Delivering the Strategy;
- Digital Customer Initiatives;
- Digital Organisation Initiatives;
- Digital Communities Initiatives;
- Digital Durham;
- Project Gigabit;
- Open Market Review & Public Review; and;
- Procurements.

During discussion by Members, the following points were raised:

- A Member noted that the predicted spending for Project Gigabit is only predicted to be £300 million a year up until 2025 and queried whether NECA would require additional funding for this if spending was to be more than £300 million;
- It was raised that there is a strong willingness to spend what is required for the project even if additional funding is required;
- It is important to see more detail about synergy with Durham County Council as lead authority and how this can assist in reaching government;
- Improved digital technology and initiatives will benefit the whole region and encourage working as a collective;
- Continued pressure on and engagement with the government is important in ensuring the success of digital innovation in the NECA area;
- A Member noted that engagement with the LEP would help to identify and assist with the digital skills shortage in the region. It would be beneficial to weave discussion about this into future conversations with the LEP and Chamber of Commerce;
- An update would be brought to a future meeting.

RESOLVED – That:

- i. the report and presentation be noted.

5. COVID-19 REGIONAL ECONOMIC RECOVERY

Submitted: A report and presentation of the Senior Economic Policy Manager, South Tyneside Council (previously circulated and attached to Official Minutes).

The Advisory Board received a presentation on the Regional Economic Recovery from Covid-19. Members were invited to take part in a discussion afterwards. The presentation was delivered by R Sherwood-Parkin.

The presentation provided information on the following topics:

- Covid-19 Impact and Support;
- Looking Forward;
- Labour Market;
- Support for Town and City Centres;
- Expected Government Announcements;
- Support Measures Announced by Government;
- Business Support;
- Next Steps.

During the presentation, the following points were noted:

- Footfall in town centres had decreased significantly which made it more difficult for businesses to restart after Covid-19.
- Large shops and companies such as TUI and Disney were pulling out of high streets.
- Some sectors such as the digital sector, were not hugely impacted by Covid-19 and some sectors such as construction had bounced straight back.
- Overall rate of unemployment in NECA area was up from 6% in March 2020 to 6.8% in December 2020.
- Claimant count was up from 5% in March 2020 to 6.7% in May 2021. Main groups affected are those 18 to 24 year olds and over 50s.
- The claimant count has fallen steadily since peaks seen in August 2020.
- Support measures introduced by Government in March 2020 included cash grants, additional business rates reliefs, loan programmes, deferral of VAT payments, changes to Statutory Sick Pay, the Self-Employed Income Support Scheme, the Coronavirus Job Retention

Scheme, Kickstart Job Placement Scheme and the Job Support Scheme.

- There were 3 phases of support during the pandemic. The government is currently in the Third Phase, Spring/Summer 2021 which offers restart grants and ongoing Additional Restriction Grants.
- City and Town Centre firms are concerned about consumer confidence.
- There are skills shortages and vacancies in hospitality and leisure sector and the impact of self-isolation on the amount of people able to attend work.
- Firms are concerned about loan and rent repayments and landlords are concerned about the extension of the rent eviction ban.
- Business confidence is starting to reach pre-pandemic highs.
- New DWP programmes in place including JETS and RESTART to give targeted support for those out of work.
- Around 37,000 residents are still furloughed in the NECA area.
- The Welcome Back Fund is providing support for local authorities and town and city centres in the NECA area.
- UK Shared Prosperity Funds are due to replace European Structural and Investment Funds but there is concern about the lack of clarity from government on this. It is unknown who will be eligible for this funding and how much will be available.
- Government are expected to announce new policy including the Levelling Up White Paper on Levelling Up and devolution, and the Skills & Post-16 Education Bill to boost upskilling and retraining.
- Next steps following the large economic shock to the labour market include helping residents in the NECA area to access jobs and re-skill, continued work on the Recovery and Renewal Deal, and continued lobbying of Government.

During discussion by Members, the following points were raised:

- A Member expressed concern about proposed funding. Short term funding had been proposed but there are concerns about long term funding as there had been no indication from the Government about long term funding.
- Members are interested in any long term modelling of the impact of working from home and data relevant to hybrid or entirely home working.
- The long term Government plan is to move away from competitive funding and austerity towards long term funding. Each local authority having an individual 20 year plan has been considered.
- Businesses that had benefitted from the pandemic were raised and a Member asked what can be learned from these businesses.

- Members acknowledged that some people had more disposable income as a result of the pandemic as they did not have to pay for childcare when working from home or furloughed.
- Members expressed interest in looking into which sectors had done well as a result of the pandemic and exploring how these could be used to draw resources into the NECA area.
- The disproportionate benefit of adapted working styles during the pandemic to larger companies and groups was also highlighted.
- The Furlough scheme was praised for helping to avoid mass unemployment.
- Savings made as a result of reduced travel for meetings were also highlighted.
- A Member raised that it might be difficult to separate out which effects were a result of Covid-19 and which were effects of the EU exit.
- Concerns were raised that the ceasing of additional Covid-19 funding for universal credit claimants would lead to increased poverty.
- It was suggested that regional transport issues, skills shortages by sector, re-skilling and upskilling should all be tied into work with the wider North East local authorities.

RESOLVED – That:

- i. the report and presentation be noted.

6 DATE AND TIME OF NEXT MEETING

Tuesday 23 November 2021 at 2.00pm

Economic Development and Digital Advisory Board

Date: 23rd November 2021

Subject: Regional Economic Recovery

Report of: Thematic Lead for Economic Development and Digital

Executive Summary

The purpose of this item is for the Board to receive a presentation on the update on the regional economic recovery, the labour market and wider economy in the NECA area, the Government's response and the recent budget announcements and CSR implications for the NECA area.

Please find the presentation attached in Appendix 1.

Recommendations

The Advisory Board is recommended to note the contents of this report and the presentation and have a discussion on the asks of Government from the March Budget to aid the economic recovery across the NECA area.

Economic Development and Digital Advisory Board

1. Background Information

1.1 Report is attached in PowerPoint form.

2. Proposals

2.1 This report is for information.

3. Reasons for the Proposals

3.1 This report is for information.

4. Alternative Options Available

4.1 Not applicable.

5. Next Steps and Timetable for Implementation

5.1 Continue to monitor the impact of CV19 upon our economy.

6. Potential Impact on Objectives

6.1 Links to the delivery of the North East Strategic Economic Plan, Local Transport Plan and evolving NECA Economic Plan.

7. Financial and Other Resources Implications

7.1 As the report sets out, there are likely to be financial implications for our economy and for NECA and the constituent authorities, the extent of which will become clearer over the medium-term.

Economic Development and Digital Advisory Board

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

9.1 The key risks and 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.

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.

Economic Development and Digital Advisory Board

15. Background Papers

15.1 The following background documents are referenced in the presentation:

- Office for Budget Responsibility Economic and Fiscal Outlook, November 2020: [here](#)
- Lloyds Bank North East Business Barometer Feb 2021: [here](#)
- Bank of England, 'Assessing the State of the Economy' 2020: [here](#)
- Ernst & Young, Regional Economic Forecast, Dec 2020: [here](#)
- Department for Education, Skills for Jobs White Paper, Jan 2021: [here](#)
- Department for Business, Energy & Industrial Strategy, Energy White Paper, Dec 2020: [here](#)
- North East Local Enterprise Partnership, Recovery and Renewal Deal: [here](#)

16. Contact Officers

16.1 Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council, rory.sherwood-parkin@southtyneside.gov.uk, 07812 514 191

17. Sign off

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

18. Glossary

18.1 All of the abbreviations and acronyms in the slides are spelled out, with the exception of the following:

- EY: Ernst & Young
- OBR: Office for Budget Responsibility
- BoE: Bank of England
- BEIS: Department for Business, Energy and Industrial Strategy



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

Economic Development and Digital Advisory Board

- MHCLG: Ministry of Housing, Communities and Local Government
- JETS: Job Entry Targeted Support
- CBI: Confederation for British Industry
- TUC: Trade Union Congress
- NECC: North East Chamber of Commerce

Regional Economic Recovery

Update to NECA EDDAB

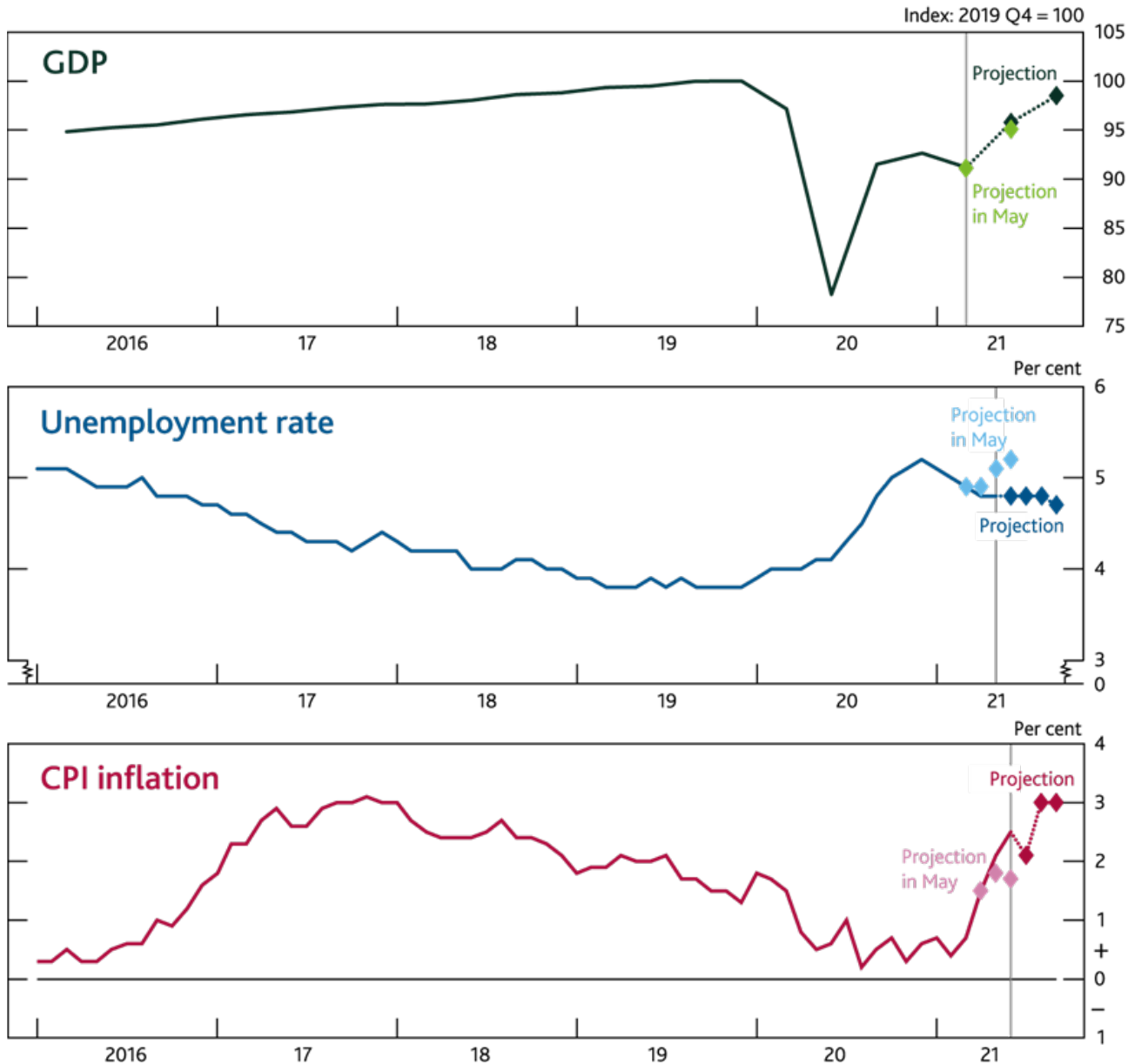
23rd November 2021

Rory Sherwood-Parkin, South Tyneside Council

Agenda

1. The macro economic picture
2. Employment & Unemployment
3. Furlough & Vacancies
4. Footfall
5. Business & Trade
6. Budget & CSR implications
7. Summary

1. Macro Economic picture is improving...

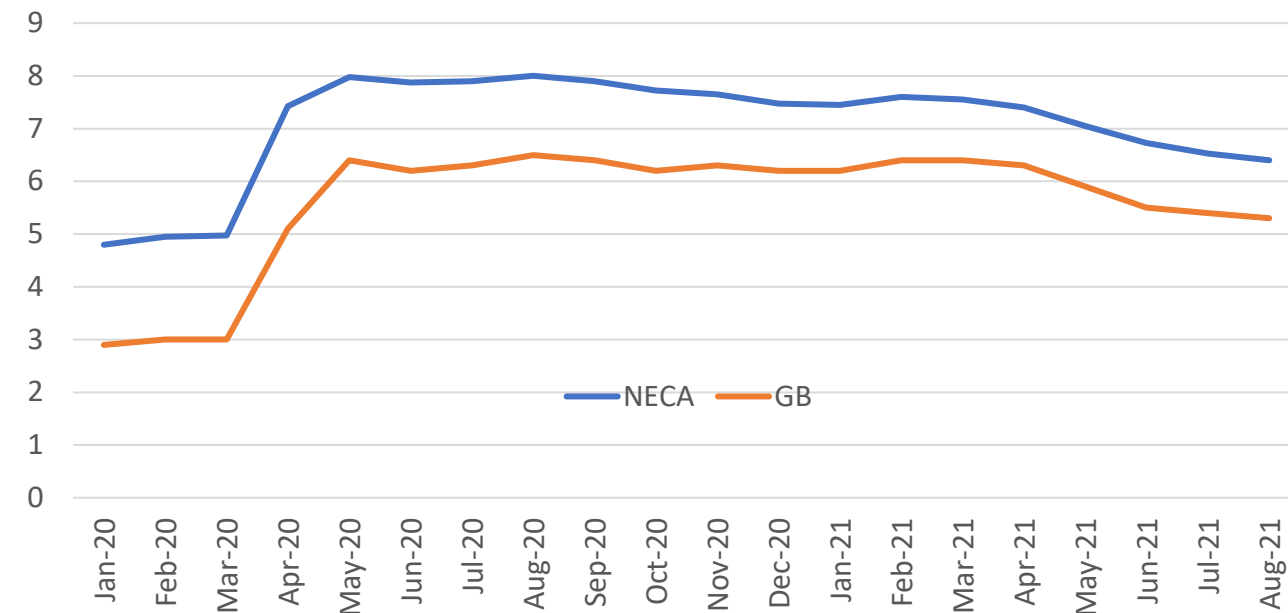


- Strong bounceback from sharpest recession since 1930s, but growth slowing
- Unemployment projections revised down (given Furlough scheme success), but uncertainty remains
- Inflationary pressures and supply chain issues coming through due to pent-up demand, global pressures and EU Exit

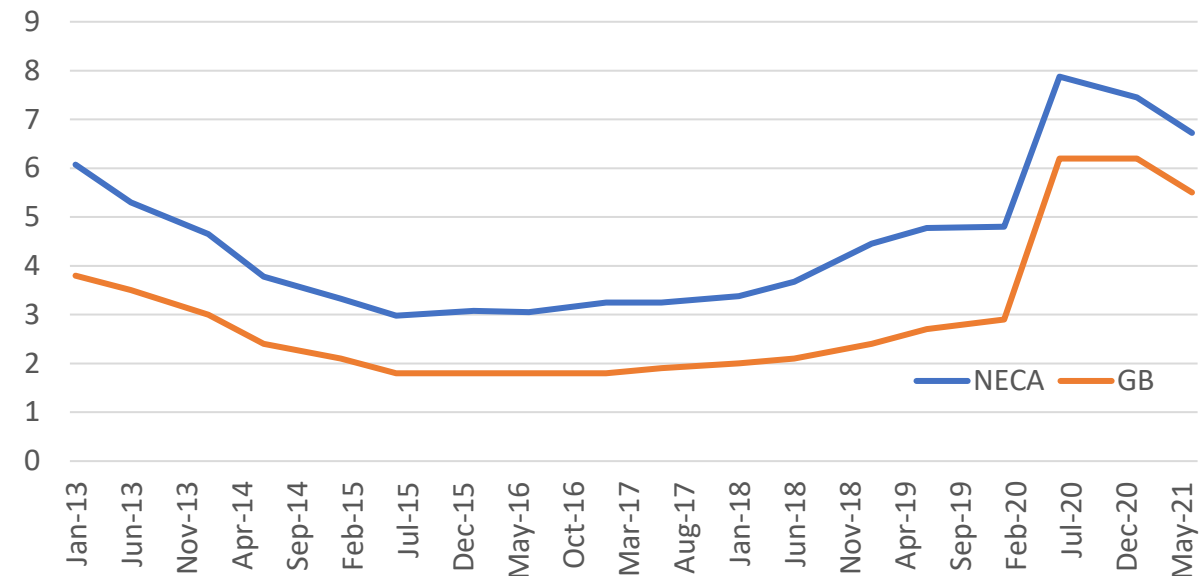
2. Unemployment has come down faster than predicted...

- Claimant count rose 56% by Autumn 2020 (from 4.9% to 7.9%; 33k to 53k), but has fallen since Spring (6.1%, 41k in Sept), particularly for young people and those out of work for less than 6 months;
- Concerns about persistently-high NEET rates, rise in long-term unemployed and rates of over 50s unemployed (and Furlough rates)

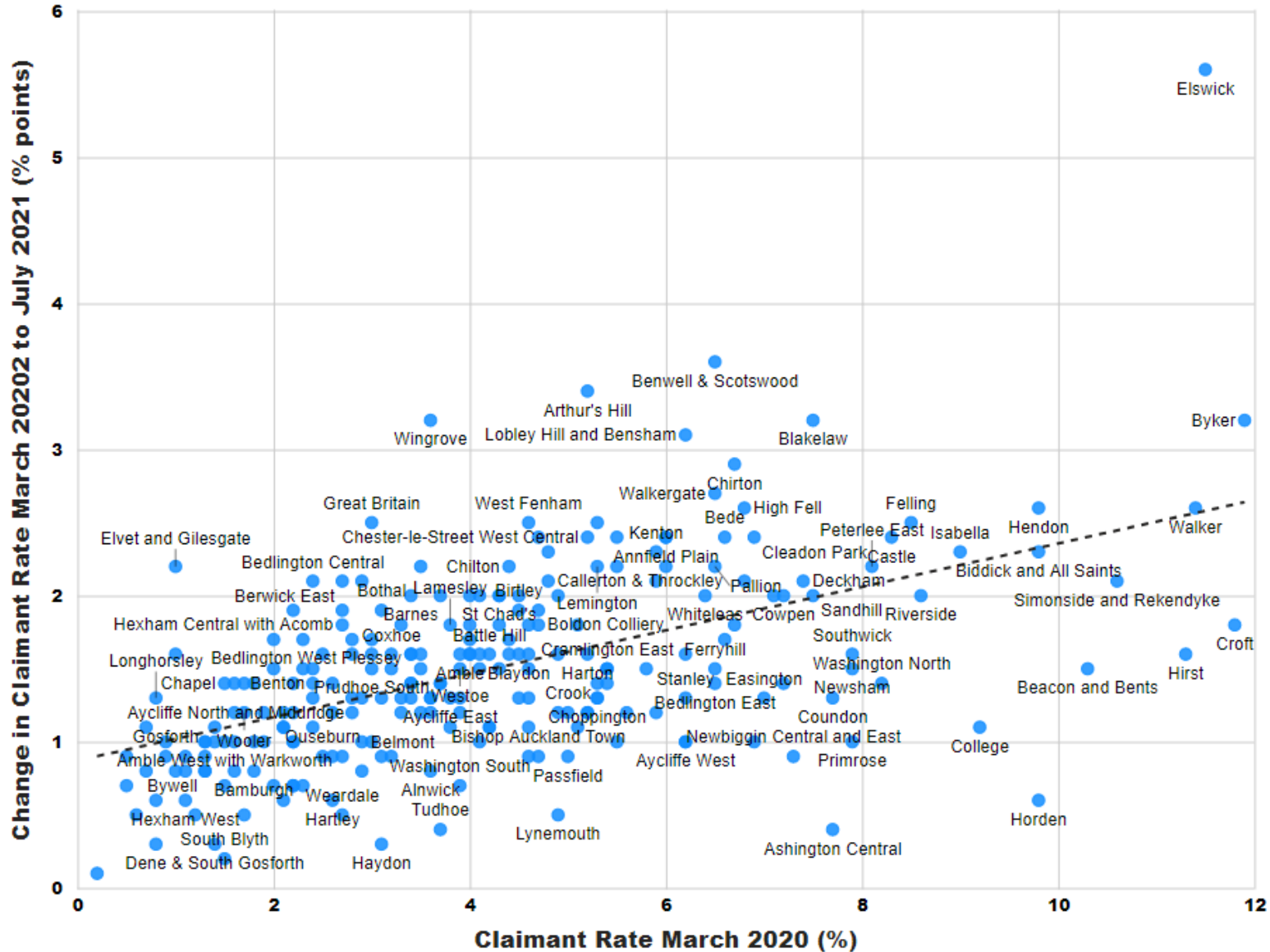
Benefit claimant rate % (16-64 yr old)



Benefit claimant rate – historic perspective



... and labour market fallout has been felt keenest in some of our most disadvantaged communities



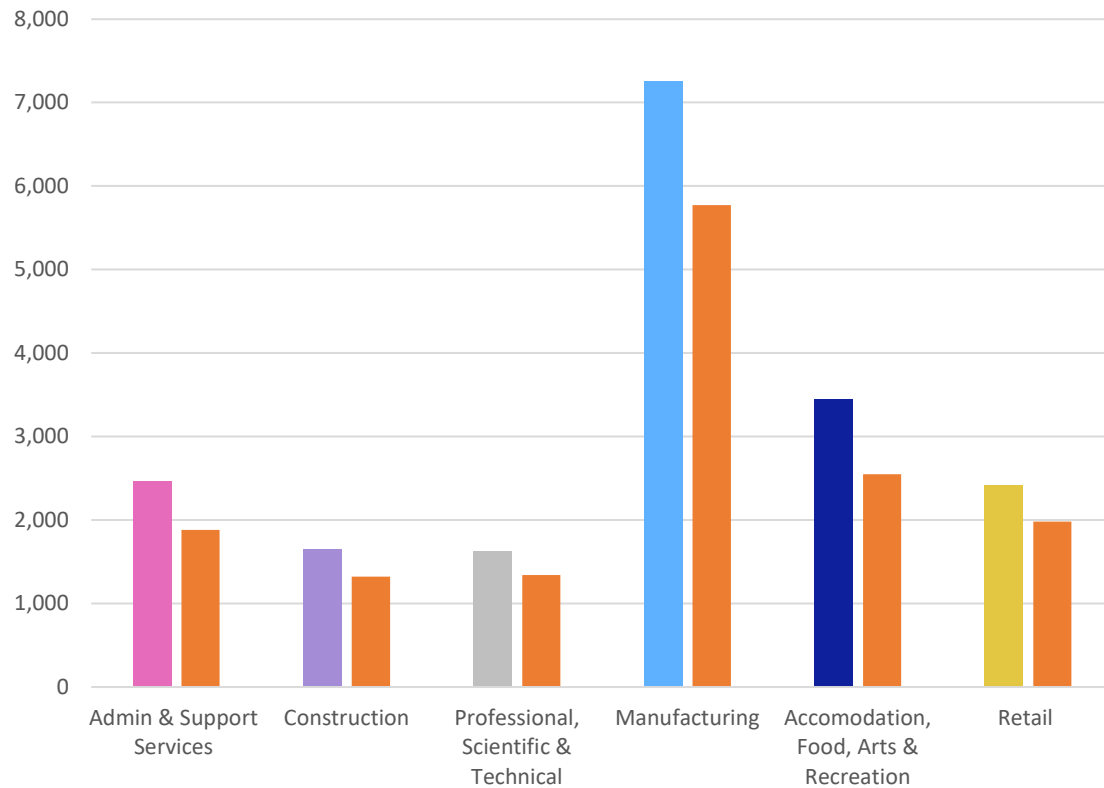
- Concerns that policy developments will create unequal recovery/damage living standards:
 - UC uplift ended in Oct (121,500 NECA residents, inc 43,000 in work)
 - Furlough ended in Sept (20,000 NECA workers, mostly in manufacturing and hospitality)
- Need for Government programmes to help people into work (Kickstart, Restart, JETS) and local skills powers

Source: ONS

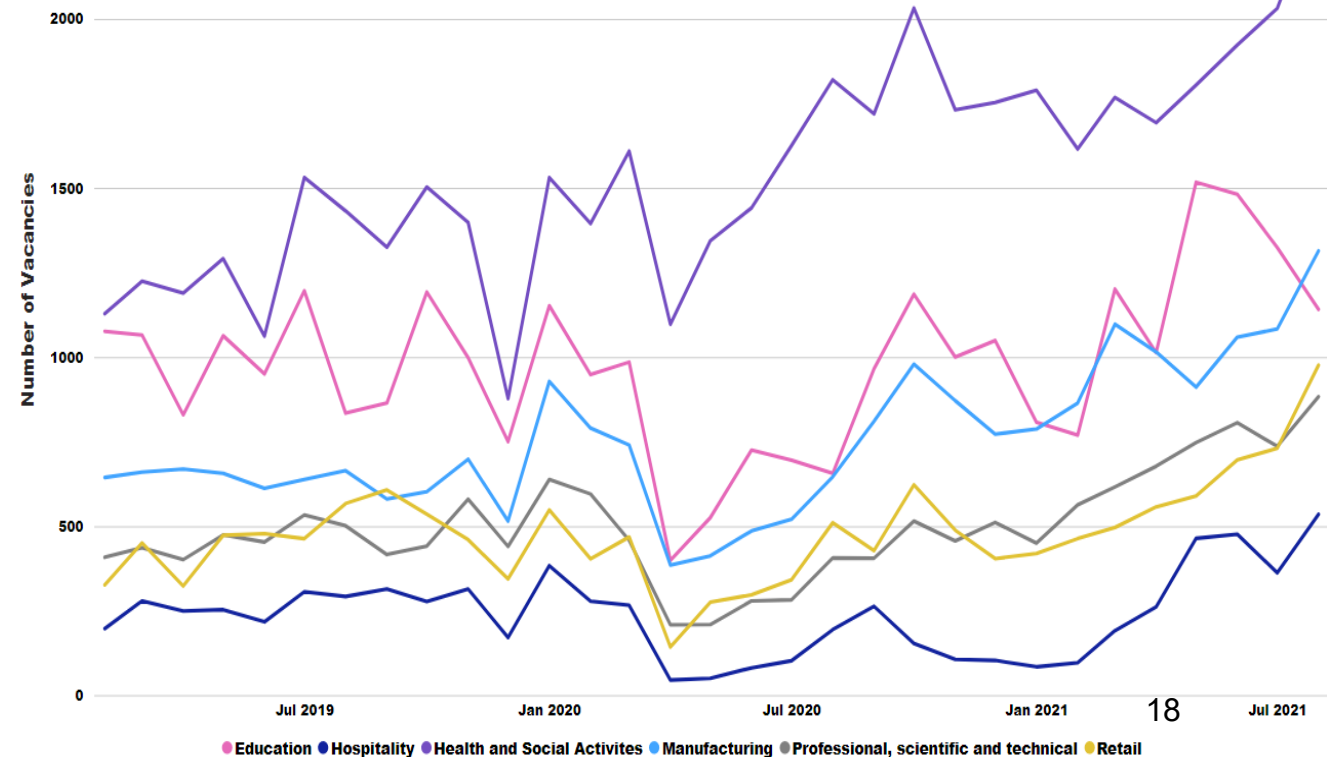
3. Furlough and vacancy data suggests labour market mismatch...

- Large demand for health and social care, education, manufacturing and professional roles (less for retail)
- But employers reporting real difficulties recruiting/skills shortages (incentives to enter other sectors)
- 20,000 on Furlough (down from 25,000 in July), particularly in manufacturing and hospitality
- Supply and demand disjoint so need for re-skilling/up-skilling support so residents can access available jobs

Number of workers on Furlough in NECA area (July & Aug 2021)

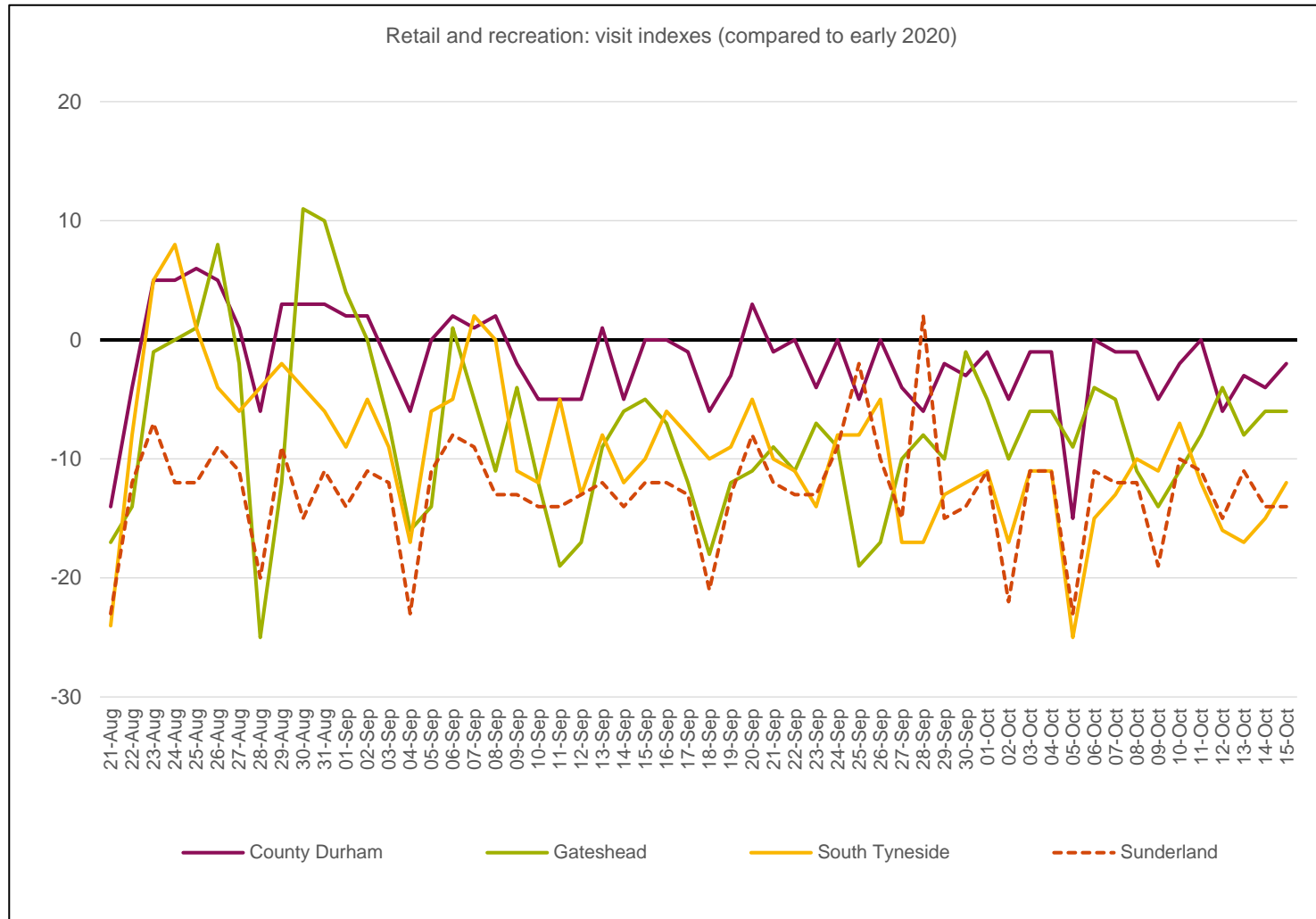


Number of vacancies in NELEP top 5 Sectors



4. Footfall in NECA cities remains below pre-pandemic levels, but is close to pre-pandemic levels in towns

Retail and recreation visit index, weekly average since August



- Footfall bouncing back, but concerns about future of high streets and city centres
 - Expecting return of University students to city centres
 - Strong night-time economy after reopening
 - Summer staycation boost with hotels back to 2019 levels
 - But staff and supply chain issues weighing on hospitality
 - Road usage above pre-pandemic, but slower return on public transport
 - Need to reconsider focus of high streets
- Source: NE Data Hub

5. Business confidence picking up, but supply chain blockages and staff shortages are harming growth

Partner Content • Economy

North East business scene still in growth but concerns are rising

The region reported the lowest score in the UK in the monthly NatWest Business Activity Index

Partner Content • Economy

Growth continues in North East economy but other regions pull away

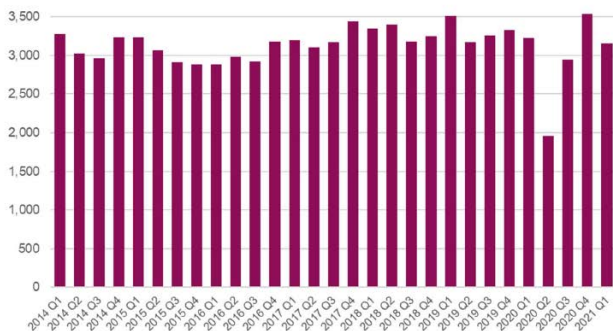
NEWS PRESS RELEASES

IoD: Directors' confidence in the economy "falls off a cliff" in September

30 Sep 2021

2020 – a turbulent year from North East goods exports 2021 Q1 Exports of £3,153M incl. £264M fall (-13.2%) to EU

Exports of goods from the North East region (value £ millions)



North East goods exports fell hard during the first COVID-19 lockdown, but have progressively recovered through Q3 and Q4 of 2020.

£ billion	2019	2020
North East region made up of:	13.3	11.6 ↓13%
North East LEP	10.5	N/A
Tees Valley Combined Authority	2.8	N/A

- Business Barometers and Chamber Survey show business confidence is high, but slowing due to inflationary pressures, supply chain and staff shortages
- Impact different by sector; automotive (pingdemic, semiconductor shortages, but investment from Nissan), construction (material shortages), retail (chain store closures), services (Just Eat jobs)
- Exports recovering after shock of EU Exit and potential further impact given more import control measures and continued issues
- Need to focus on NECA competitive strengths (green economy, advanced manufacturing, digital, health, tourism)²⁰

6. Budget & CSR – announcements

- **Finance;** Real-terms increases for departments and multi-year local government settlement
- **Minimum wage increase,** Universal Credit taper change and further JCP support
- **Levelling Up Fund** Round 1 – Durham and Sunderland success (Round 2 opens in Spring)
- **Business Rates Reform** – Three year revaluations and relief for property and green investment
- **Skills;** Further investment in FE estate, Institutes of Technology and expanding Skills Bootcamps
- **Culture;** Additional funding and tax relief (inc Heritage Action Zone) and community sport
- **Road maintenance** and active travel funding plus Air Passenger Duty cut for regional flights.
- **Investment in Family Hubs** to support early years development and further funding for NHS
- **Housing;** Commitment to affordable housing and brownfield land development funding
- **Green;** Funding for 100 pocket parks and £560m for local authorities for youth services
- **Business** – Extending Annual Investment Allowance for another year, more funding for British Business Bank and Global Britain Investment Fund (targeting offshore wind, automotive)

Budget & CSR implications for NECA area

- **Three year LA settlement** will not cover all extra costs and demand pressures faced
- **Cost of living:** Welcome for increased minimum wage and UC improved taper, but no further support around cost of living and inflationary pressures (ie energy costs)
- **Business rates;** Welcome freezing of business rates multiplier and cut for RHL firms, but disappointment about lack of an online sales tax to level the playing field with town centres
- **Net Zero:** Lack of a focus on Net Zero and support for LAs (such as on housing retrofit)
- **Skills;** More information needed on skills investment (welcome extra SEN school places)
- **UKCRF & UKSPF:** 12 CRF projects (out of 477 across UK). Still no firm detail on level, priorities or process on SPF (concern around central approach – “further details later this year”)
- **Transport:** Five year city region funding (but not for North East) and concerns that Metro support will end in March 22 and no funding for Leamside Line
- **Levelling Up Fund:** Disappointment about lack of NE focus of Round 1 (5 projects compared to 17 in London and the South East)
- Plus no further detail on Levelling Up White Paper or future of LEPs

7. Summary

Ongoing concerns:

Remaining uncertainty – including over outlook for CV19 (and impact of Furlough and UC uplift ending) and ongoing EU trade barriers

What will happen *when* interest rates increase (and if Government spending reduces/austerity measures)?

Distributional impacts:

- Overall UK household saving increased sharply... but number of financially vulnerable households increased too (as has cost of living)
- Young and old been disproportionately impacted
- Disproportionate impact in some communities (exacerbated disparities)
- Restructuring of the high street

Vulnerability to idiosyncratic company decisions / increase in business failures as support unwinds

Impact of supply chain blockages and shortages

Labour market skills and demand mismatch (resulting in companies struggling to recruit)

Reasons for positivity

Skill shortages in hospitality, health, social care and retail suggest there are employment opportunities

No evidence that NECA disproportionately affected compared with other parts of country.

We are seeing strong inward investment opportunities across NECA with re-shoring and expansion opportunities (Just Eat, Stanley Black & Decker, Envision AESC, Nissan etc)

NECA in a good position to lead growth of the low-carbon economy (tying into Net Zero)

NECA skills gap with UK average is narrowing – opportunities to work with businesses to strengthen ‘demand’

The NECA area may be viewed as increasingly attractive in a Covid-recovery context and has huge opportunities to deliver Levelling Up agenda

Economic Development and Digital Advisory Board

Date: 23 November 2021

Subject: Update on Invest North East England Activity

Report of: Director of Invest North East England

Executive Summary

The purpose of this item is for the Advisory Board to receive a presentation on the activity of Invest North East England. The presentation will cover: Successes to date in 2021/22; key sectors of focus; marketing/events; overview of the current Northshoring campaign.

The presentation will 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.

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 various elements covered in the presentation will be implemented in 2021/22 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 has identified budget within its 2021/22 budget to undertake all elements covered in this report.

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.

Economic Development and Digital Advisory Board

11. Crime and Disorder

11.1 There are no implications arising from this report.

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, 07825 430315.

17. Sign off

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

18. Glossary

18.1 Not applicable.



Invest North East England Update

Guy Currey, Director Invest North East England

23rd November 2021



Invest North East England - Overview

- Regional strategic inward investment resource
- Work on behalf of NE LEP; seven local authorities; two Combined Authorities
- Partnership is key with all these + DIT, Universities; private sector
- Funded by seven LAs and NELEP
- Team of four
- Focus is on attracting new inward investment to NELEP area

NE inward investment successes 2014-2021

Sector	FDI Projects	UK Projects	Total Projects	FDI Jobs	UK jobs	Total Jobs
Software / IT	90	30	120	3532	507	4039
FPBS	48	65	113	4536	4263	8799
Energy	37	14	51	1842	378	2220
Life Sciences	34	12	46	734	439	1173
Automotive	56	8	64	2925	143	3068
Other Advanced Manufacturing	160	33	193	3376	1155	4531
Other (Retail /distribution)	13	8	21	1903	133	2036
TOTAL	438	170	608	18,848	7,018	25,866

2021/22 – key issues and successes

- 20/21 was extremely challenging for inward investment
- Successes this Year:
 - Just Eat
 - SSE/Equinor
 - Amazon
 - Xplor
 - Envision / Nissan
 - + more
- Key focus on:
 - Electrification
 - Renewables
 - Life Sciences
 - Digital technology
 - Move on Up

Move On Up – The Campaign

Key elements of the campaign

- **Digital Adverts** (August 21 – Feb 22)
 - Via LinkedIn
 - Via TEADS (digital media platform)
- **Editorial Campaign** (Sept – Nov 21)
 - CityAM
 - B-Daily
 - Insider Media
- **Audio Campaign** (Sept – Nov 21)
- **Thought Leadership Pieces** (both from INEE and guest blogs) (August 21 – Feb 22)
- **Dedicated webpage** – <https://investnortheastengland.co.uk/move-on-up/>
- **Move on Up Video** - <https://youtu.be/6pFO6gGOdOk>
- Bespoke **social cards** and **social content (including newsletters)**

Move On Up – Editorials

SOUTH EAST ASK THE EXPERTS

Articles: Ask the Experts | Region: South East | Tag: Guy Currey

ASK THE EXPERT: INWARD INVESTMENT

20 Sep 2021 | South East | Guy Currey, Invest North East England

Guy Currey, director of Invest North East England, explains why the trend of northshoring is seeing more and more businesses set up their...



CONVERGE

DASHBOARD ARTICLES SUBMIT AN ARTICLE SETTINGS SIGN OUT

BUSINESS DEVELOPMENT

Give your business a boost and 'move on up' to North East England

PUBLISHED 16/09/2021 | By Invest North East England, Invest North East England

Invest North East England's latest blog by Director Guy Currey looks at why businesses are looking to North East England to locate and grow.



The coronavirus pandemic has seen organisations in all sectors find new, innovative ways of working. From remote and hybrid offices, to the adoption of new digital technologies like video conferencing and cloud computing, the pace of change has been unprecedented.

Another significant trend - one that was well established before the pandemic but has continued to grow - is the rise in northshoring, businesses moving all or part of their operations from the South to more cost effective locations in the North.



Cate Kalsion, Director, Oliver Wyman

Sponsored

Global consulting firm chooses North East England to continue its expansion

MEMBER
Invest North East England
01 OCT 2021



Oliver Wyman is a global strategy consulting firm with offices in 60 cities across 31 countries.

In 2018, the firm set up a new base for its data and analytics team in Newcastle city centre. Cate Kalsion, Director, explains why the firm chose to 'move on up' to North East England for its latest expansion.

In conversation | Why did Verisure chose North East England for its new offices?



Move On Up – Press

Around 1,000 Tyneside jobs to come as global firm seals deal for massive North East office

Verisure will spend £3m on its new North East base at the regional business park

SHARE COMMENTS by [Carreena Ford](#) 10:01 AM 2021

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NEWS

TECH FIRM TO CREATE HUNDREDS OF JOBS WITH NEWCASTLE BASE

25 Mar 2021 North East Technology



Enterprise software, payments and e-commerce-enabling services provider Xplor has selected Newcastle as the base of its new customer service operation. The move is expected to bring more than 200 jobs to the North East.



Schroders talk
What does Meggitt's bid premium tell us about UK shares?

Wednesday 25 August 2021 8:47 am

Just Eat to create 1,500 new jobs in Sunderland

Lily Russell-Jones



Global technology consultancy Thoughtworks opens Newcastle office and commits to job creation in the North East

News archive



August 11, 2021 - Newcastle

The rise of Newcastle as a leading UK tech hub gets a significant boost this week, with news that global technology consultancy, Thoughtworks, is opening a new office in the city and creating 100 roles for senior tech professionals.

As a leading business that integrates strategy, design and software engineering to drive innovation, Thoughtworks' decision to establish a presence in the North East represents a significant development for the region, which has one of the fastest growing tech hubs in the UK. Thoughtworks will be looking to make a tangible contribution to the region's growth, in terms of attracting business, supporting innovation and investing in the sector's broader social impact. A recent report by Tech Nation has ranked Newcastle the ninth most important tech hub in the UK, ahead of larger cities such as Leeds, Birmingham and Glasgow.

Move On Up – Digital Adverts and Social Cards





**MOVE ON UP
AND JOIN
GLOBAL MARKETS**

invest | north east
england



**MOVE ON UP
AND FIND
YOUR PEOPLE**

invest | north east
england



MOVE ON UP

SEE WHY MORE AND MORE
BUSINESSES ARE RELOCATING
TO NORTH EAST ENGLAND.

FIND OUT MORE

invest | north east
england

**MOVE ON UP
AND JOIN
GLOBAL MARKETS**

With exceptional digital connectivity and fantastic air, rail, sea and road networks, North East England is the perfect location to reach European and international markets.

invest | north east
england

**MOVE ON UP
AND FIND
YOUR PEOPLE**

Global businesses choose us as the place to grow their workforces and the region's five universities and excellent higher education colleges provide a strong pipeline of talent.

invest | north east
england

General Marketing

Invest North East England have continued to promote the region and the key business sectors

Activity has included

Thought Leadership Pieces (both internally and guest blogs)

- Blog | Why North East England is in the driving seat of the UK's electrification revolution
- Blog | North East England is becoming a UK hot spot for Health and Life Sciences
In Conversation | David Holmes, Membership Manager for Bionow talks about why Life Sciences companies should look to the North East as a base
- In Conversation with Paul Butler | Electrification and the opportunities it brings for North East England

High Potential Opportunities (HPO)

- Invest North East England have continued to work with the Department For International Trade (DIT) to promote the region. In particular, the team have hosted webinars around the HPOs in Immersive Technology / Heat Networks (in partnership with Tees Valley) / Plant Based Products

Website and Social Media

- Continued promotion of the region via the website and social media.
- New case studies and videos have been uploaded as well as new social cards created to support the promotion of the region

Events

Invest North East England have attended a number of events in key sectors

Recent events

- **Bionow Conference (virtual)** – INEE hosted a panel discussion on the life sciences sector in North East England
- **Immersive Arcade (Gateshead)** – INEE attended the Immersive Arcade organised by Digital Catapult North East Tees Valley
- **Global Offshore Wind (London)** – INEE attended Global Offshore Wind in London as part of the Energi Coast delegation
- **North East Automotive Alliance Expo (Sunderland)** – INEE sponsored and exhibited at the event

Upcoming events

- **Offshore Wind North East (Sunderland)** – sponsoring the event and exhibiting
- **Shared Service Summit (London)** – sponsoring the event and exhibiting





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Economic Development and Digital Advisory Board

Date: 23 November 2021

Subject: Durham County Council Digital Update – Project Gigabit

Report of: Victoria Murray, Interim Head of Digital and Customer Services,
Durham County Council

Executive Summary

The purpose of this report is to provide an update on activity and progress on Project Gigabit, which is led by the Department for Digital, Culture, Media and Sport (DCMS).

Please find the presentation attached in Appendix 1.

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 Presentation is attached under Appendix 1 as a PDF.

A brief introduction to provide context is given below.

2.0 Importance of Digital Connectivity

2.1 Fast, resilient and affordable broadband connectivity is vital for our residents, businesses, visitors and investors.

Better digital connectivity can boost productivity, support digital transformation to help businesses grow and export, allow residents to access training and public services and is a key requirement of visitors and investors. The economic impact of better broadband is considerable (£20 in net economic impact for every £1 of spending according to DCMS as better broadband makes firms and workers more productive).

Whilst superfast broadband coverage is extensive in the region, technology is evolving, as the demand for faster, more robust connectivity increases.

Government is now focussed on the provision of future-proof, gigabit-capable broadband. One gigabit is equal to 1,000 Mbps – for comparison, superfast is 30 Mbps. This means that however technology develops in the future, fast and reliable speeds will be available to support it.

2.2 Current coverage levels

Current broadband coverage in the NECA area is either in line or slightly ahead of the national average for superfast. It is a similar picture for ultrafast coverage, apart from Durham which is significantly below the UK average.

Gigabit-capable coverage has increased significantly over the last 12 months. Given the Government targets of 85% runs until 2025, NECA area currently looks to be in a positive position, however without continued investment there is a risk of falling behind other areas, impacting competitiveness.

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Area	Superfast 30 Mbps	Ultrafast 100 Mbps	Full Fibre 1,000 Mbps	Gigabit- capable 1,000 Mbps
UK average	97%	69%	28%	58%
Durham	97%	45%	40%	41%
Gateshead	98%	75%	6%	73%
South Tyneside	99%	80%	3%	80%
Sunderland	98%	65%	9%	61%

Figures are taken from thinkbroadband.com (8 November 2021).

2.3 Government Plans – Project Gigabit

It is evident that commercial rollout will not get everywhere, and the Government's Future Telecoms Infrastructure Strategy identified that 20% of the country which would be unlikely to see commercial deployment, given it would not be financially viable.

The Government's ambition of 85% of homes having gigabit-capable broadband by 2025 resulted in the launch of Project Gigabit (£5bn funding committed; £1.2bn spend over next 4 years) which aims to focus on the hard-to-reach 20% of the UK outside of any commercial plans (see Appendix 1 for presentation).

3.0 Next steps

In summary, there has been excellent progress on broadband coverage following the Digital Durham collaboration as part of the Superfast Programme and the attraction of commercial rollout. There is now a need collaborate further with the private sector and Government to drive gigabit-capable coverage or risk being left behind.

It is also essential to work across NECA and NELEP on digital skills so residents and businesses can maximise opportunities from the digital economy.

4.0 Reasons for the Proposals

This report provides an update on activity and progress on Project Gigabit.

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5.0 Alternative Options Available

There are no alternative options associated with this report.

6.0 Next Steps and Timetable for Implementation

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

7.0 Potential Impact on Objectives

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

8.0 Financial and Other Resources Implications

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

9.0 Legal Implications

There are no legal implications arising from this report.

10. Key Risks

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

11. Equality and Diversity

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

12. Crime and Disorder

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

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13. Consultation/Engagement

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

14. Other Impact of the Proposals

There are no further impacts arising from the proposals.

15. Appendices

An accompanying presentation is provided under Appendix One.

16. Background Papers

None

17. Contact Officers

Victoria Murray, Interim Head of Digital & Customer Services, Durham County Council – victoria.murray@durham.gov.uk

Alli Walker, Digital Durham Manager, Durham County Council – alli.walker@durham.gov.uk

18. Glossary

None

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Appendix 1



2021.11.23 NECA
EDDAB - Durham Co

NECA EDDAB

Durham County Council Digital Update – Project Gigabit

Victoria Murray

Interim Head of Digital & Customer Services

23 November 2021



Project Gigabit overview

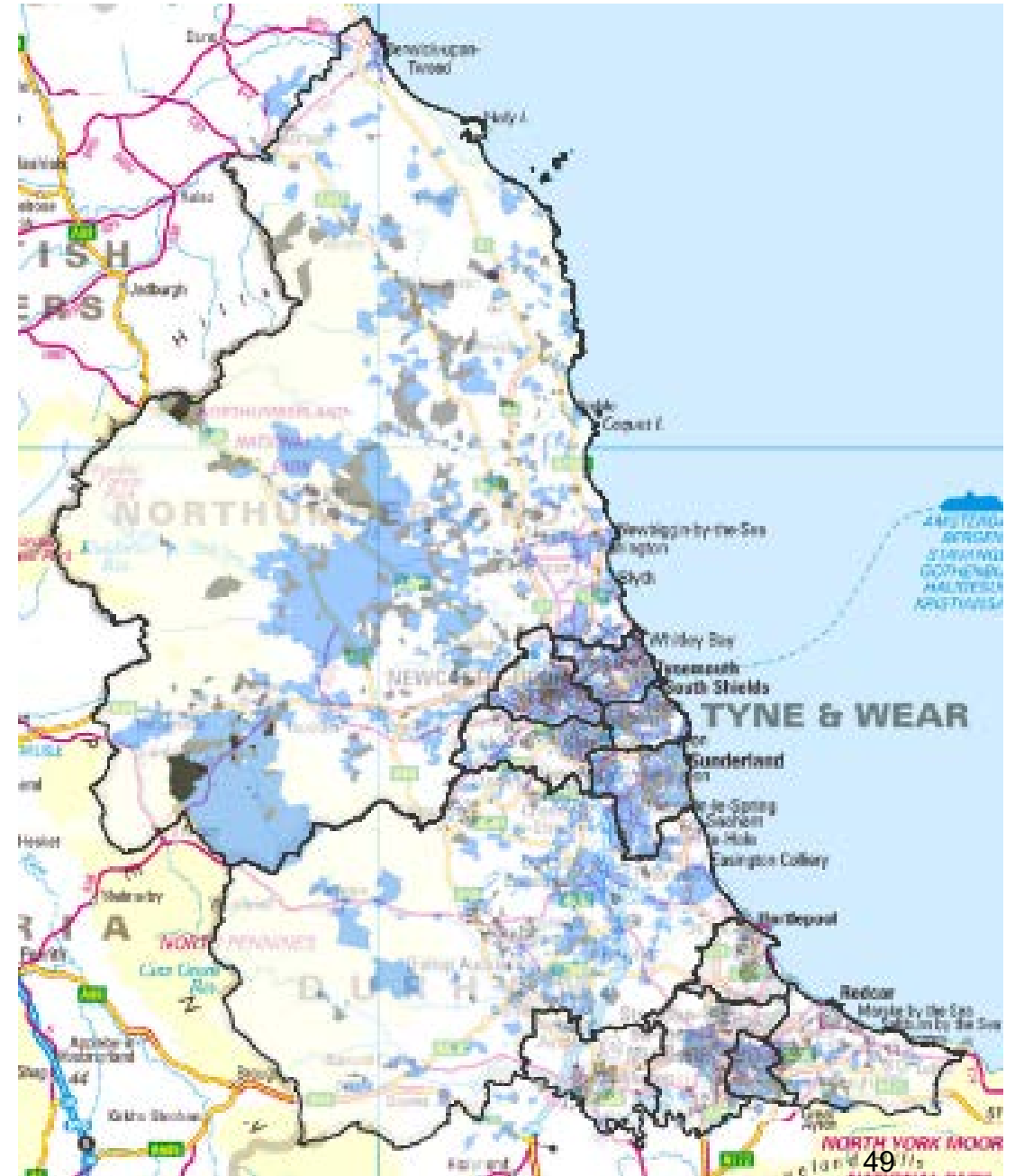


- Government committed £5bn to [Project Gigabit](#)
- Overseen by Building Digital UK (BDUK) which is part of the Department for Digital, Culture, Media and Sport
- £1.2bn projected to be spent by 2025
- Three key workstreams that aim to maximise gigabit-capable coverage in the harder to reach 20% of the UK:
 - [Procurements](#) - First areas to benefit from Project Gigabit announced March 2021 – includes County Durham, Gateshead, Northumberland, South Tyneside, Sunderland and Tees Valley – Newcastle and North Tyneside to be considered under phase 3
 - [Vouchers](#) - £210m funding offered under the next phase of the Gigabit Broadband Voucher Scheme
 - [GigaHubs](#) - £110m to connect any site classified as a public sector building and performing a public function (such as rural GP surgeries, libraries and schools)



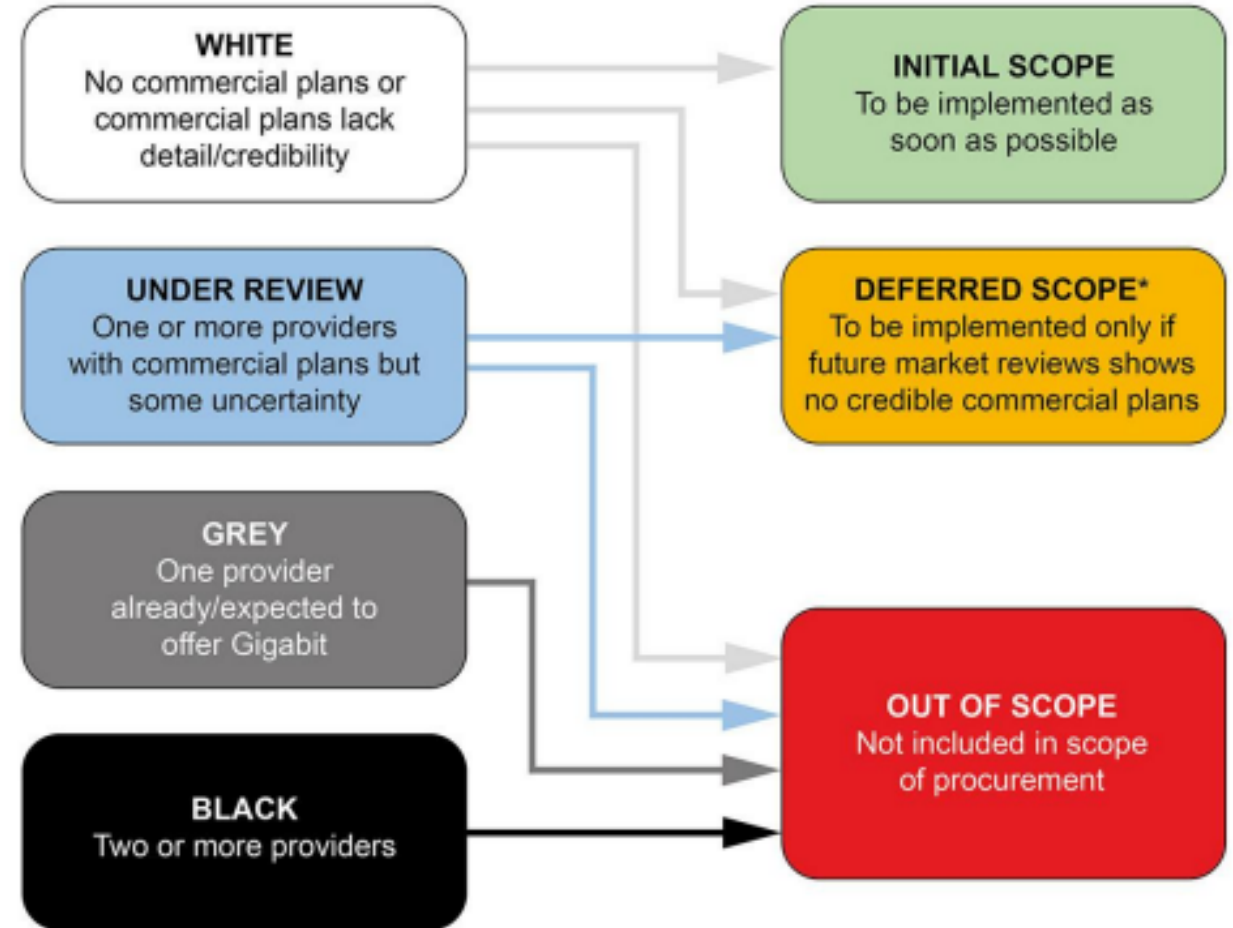
Public Review outcome

- Public Review process defines the 'intervention area' with no existing gigabit-capable broadband coverage and no plans to provide it in the next 3 years
- Black areas – Areas with at least two qualifying broadband infrastructure providers are present or there are plans for it to be deployed within the next three years.
- Grey areas - Areas where only one qualifying broadband infrastructure provider is present or has plans for it to be deployed within the next three years.
- White areas - Areas where there is no qualifying broadband infrastructure and none is likely to be developed within 3 years.
- Blue areas (Under Review) - Areas where provider plans have been judged as at risk of not being completed. These areas will be subject to continued monitoring by BDUK and will be classified as 'White' if commercial plans fall away. Where build is subsequently achieved, premises will be re-classified as 'Grey'.
- Snapshot in time – infrastructure provider delivery plans may change
- The [Public Review Closure Note](#) detailing the outcome of the Public Review was made publicly available by DCMS on 5 November 2021



Regional Type B Procurement

- Diagram provides an explanation of how the Public Review classifications will be applied to the procurement.
- Additional eligibility criteria applied to Public Review data.
- To qualify for the initial scope of the procurement a property must be classified as both:
 - Ofcom Area 3 (deemed a Non-Competitive Area)
 - 'White' where there are no existing or qualifying future plans
- Properties classified as 'Under Review' may be brought in scope if commercial plans are dropped.
- Properties with existing gigabit-capable broadband coverage or where there are future plans to provide it are out of scope (Grey/Black).
- Delivery most likely to be in rural areas.



**There is no 'Deferred Scope' in Type A (small lot) contracts. Premises are either In Scope or Out of Scope.*

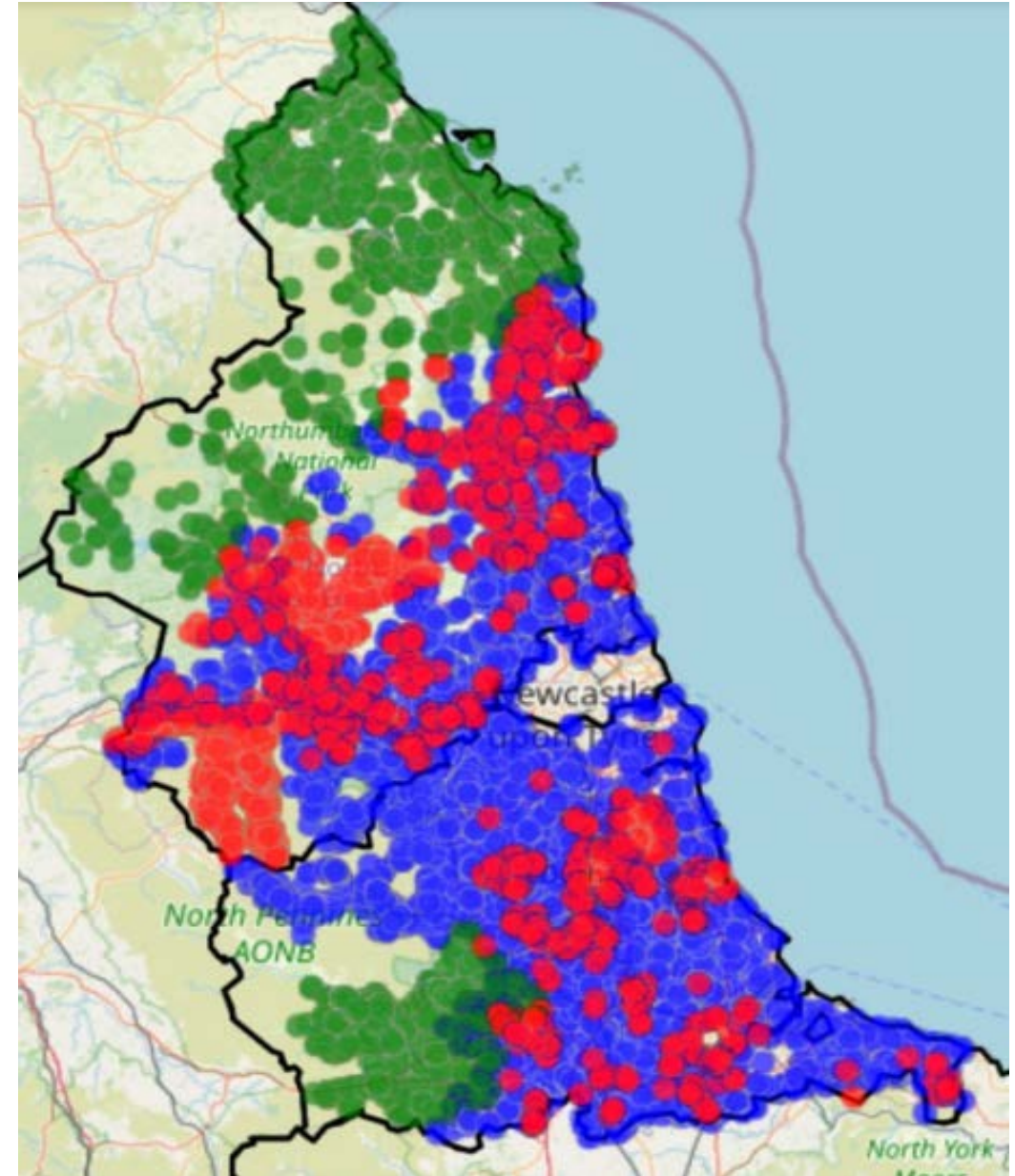
Procurement

- BDUK's evaluation of the Public Review data, extensive supplier engagement and decisions on how voucher projects will be treated have resulted in changes to the lotting strategy – further changes may be made
- BDUK have now indicated one combined large lot (Type B) procurement for the North East region (previously two) plus two smaller lots (Type A) focused in Teesdale (in County Durham) and an area in Northumberland
- Pre-Procurement Market Engagement (PPME) stage launched 20 October 2021 – runs for 4 weeks until 18 November 2021
- BDUK work closely with interested suppliers during PPME stage to obtain views on the proposed procurement strategy
- Reasonable feedback from suppliers during PPME stage may result further changes to the procurement and lotting strategy



Procurement

- This map is taken from Annex B of the [Public Review Closure Notice](#) on the Gov.uk website:
 - Green dots represent where the Type A procurement areas
 - Blue dots represent the combined initial scope Type B procurement area that will be considered during the initial procurement
 - Red dots represent the combined Type B deferred scope procurement area. These areas will be considered only if future market review show that delivery plans are no longer taking place
- It is important to note that this lotting proposals is subject to change



Procurement



- BDUK expect to launch the Invitation to Tender (ITT) to suppliers January 2022
- Contract delivery estimated to begin November 2022 – where and when unknown until supplier(s) appointed
- Local authorities encouraged to engage and build relationships with suppliers on an ongoing basis to obtain further insight into developments
- BDUK plan to engage with individual local authorities as the procurement progresses and things start to firm up
- Key information: <https://www.gov.uk/government/publications/project-gigabit-phase-one-delivery-plan/project-gigabit-phase-one-delivery-plan#procurements>



Vouchers

GIGABIT BROADBAND VOUCHER SCHEME

- Up to £210m worth of funding under the DCMS Gigabit Broadband Voucher Scheme (GBVS)
- Rural communities can pool vouchers worth up to £1,500 for homes and £3,500 for businesses to cover the costs of installing gigabit-capable broadband
- Local authorities may contribute additional funding to increase the amounts available with BDUK's agreement – Durham County Council has committed £1.5m
- Temporary pause to the voucher scheme to enable the properties in scope of the procurement to be finalised ahead of its launch
- The eligibility for a particular property can be checked at: <https://gigabitvoucher.culture.gov.uk/>



Voucher Priority Areas

GIGABIT BROADBAND VOUCHER SCHEME

- Where there are clear and firm voucher project plans and evidence that an existing voucher project has a strong likelihood of delivering earlier coverage than the procurement and will support good value for money, the premises that are part of that project will be designated as a Voucher Priority Area (VPA).
- For a VPA, suppliers can continue to obtain voucher pledges from residents during the procurement period resulting in the benefit of early gigabit-capable coverage to some communities
- Not all planned voucher projects get off the ground and result in the intended coverage - BDUK are trying to avoid communities being left in the position where they are left ineligible for delivery under the contract resulting from their procurement, should a voucher project fail to deliver
- Properties under these voucher projects will not be considered for delivery under the initial procurement but could potentially be if they are not delivered to under the voucher scheme
- This is a positive position for the communities involved as it provides contingency



GigaHubs

- £110m to connect any site classified as a public sector building and performing a public function such as rural schools, doctors surgeries and libraries to gigabit broadband
- Government wants to connect up to 7,000 rural public sector buildings in order to improve public services under this workstream
- Premises will act as hubs to get gigabit-capable networks into the heart of communities; other broadband infrastructure providers may then build off them to supply services to surrounding residential and business properties
- DCMS will provide funding towards infrastructure build for the ‘hardest to reach’ public sector premises where investment cases are clear
- Thanks to the pilot to the GigaHubs scheme, 28 rural primary schools in County Durham are imminently set to benefit



GigaHubs

- One organisation acts as the procurement lead in a given locality – responsible for:
 - Building a collaboration with other local public sector organisations
 - Leading the collaboration group through the various GigaHubs stages
 - Driving procurement activities for all partner organisations
 - Identifying a senior leader to act as a local champion, supported by BDUK
 - Identifying and/or providing additional funding to maximise build numbers
 - Procuring post-GigaHubs build connectivity services to their own requirements

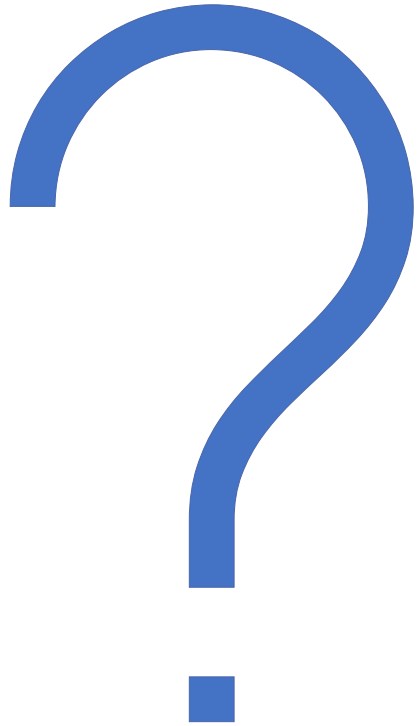


GigaHubs



- Projects are expected to have a multi-party funding approach (ie include non-BDUK funds), especially where sites meet the criteria for any other local or national funding that can be secured. For example:
 - DCMS GigaHubs (for the hardest-to-reach areas)
 - Past Superfast intervention activities
 - Local economic development funds
 - Ministry of Housing, Communities and Local Government (MHCLG) or other Government funding
- This approach may enhance and complement the overall business case and benefits of the project
- DCMS Gigahubs grant funding eligibility criteria:
 - Site classified as public sector building and performing a public function
 - Rural location (England & Wales – ONS definitions D1 – F2)
 - Existing broadband speeds are less than 100Mbps
 - A gigabit capable network isn't likely to be built in the area commercially in the near future
 - There is no government-funded contract planned or in place to improve the network already
- Key information: <https://www.gov.uk/government/publications/gigahubs-key-information>





Questions