

Economic Development Digital Advisory Board

Tuesday 22 February 2022 at 2.00pm

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

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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 23 November 2021	1-8
For approval as a correct record	
4. Economic Recovery Update	9-22
5. Invest North East England Update	23-28
6. Date and Time of Next Meeting: 19 April 2022 at 2.00pm	

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Economic Development and Digital Advisory Board

Draft Minutes for Approval

23 November 2021

(2.00pm – 3.40pm)

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

Present:

Councillors T Dixon (in the Chair), G Miller, M Brain

Co-opted Members

Officers Nicola Robason (Monitoring Officer – NECA), Rory Sherwood-Parkin (Senior Economic Policy Manager – South Tyneside Council), Victoria Murray (Interim Head of Digital and Customer Services – Durham county Council), Alli Walker (Digital Durham Manager, Durham County 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 Cllr E Scott, Sarah Glendinning, Gavin Armstrong, Gillian Hall, Guy Currey, Paul Darby

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON 27 JULY 2021

The minutes of the previous meeting held on 27 July 2021 were approved as a correct record.

4. 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 Senior Economic Policy Manager presented the report and delivered a presentation providing an overview of the NECA area's economic recovery in the face of the COVID-19 pandemic.

It was noted that overall, there has been a strong economic bounce-back since the height of the pandemic, with the hospitality sector driving the GDP of the area back up. It was mentioned that the rate of these growths is beginning to slow as a backlog of demand accompanied with EU exit has led to inflationary pressures and worsening of supply chain issues, however overall, the current economic situation is better than forecasted by Bank of England.

It was explained that redundancies have spiked nationwide due in part to the end of the furlough scheme, the universal credit uplift, supply chain issues and Brexit trade barriers. As for unemployment, benefit claimant rates have spiked since the onset of the pandemic, however these rates have declined consistently since the start of the year. It was also noted that data suggests disadvantaged areas are not recovering as quickly as others.

It was noted that furlough and vacancy data suggest a labour market mismatch with record numbers of vacancies nationwide, suggesting a need for up-skilling and re-skilling support.

Business confidence was said to be high, however aforementioned inflationary pressures, supply chain shortages and staff vacancies were said to be impacting all sectors differently. Attention was also drawn to footfall levels in the NECA region, which were noted to be bouncing back despite remaining below pre-pandemic levels. This was attributed to office workforces continuing to work from home and students yet to return to University as of the time of data collection, however, it was noted that there is currently a strong night-time economy, aided by summer staycation boosts as hotels reopen. Members were informed that as footfall levels decline in towns, the focus of high streets must be reconsidered.

The presentation also contained a list of recent relevant budget announcements and their implications for NECA:

- **Finance** – Rising rates for businesses; three-year Local Authority Settlement will not cover demands

- **Minimum Wage Increase** – Welcomed along with improved UC taper, but no further support surrounding inflation or cost of living
- **Levelling Up Fund** – Sunderland and Durham both successful in first round
- **Business Rates** – Lack of online sales tax to boost up Highstreet
- **UK Community Renewal Fund & Shared Prosperity Fund** – Twelve projects in NECA region, worries arising over possibility of centralised approach
- **Levelling Up Fund** – Disappointment over lack of focus in North East, only five projects, no further detail on White Paper nor Local Enterprise Partnership
- **Transport** – Concerns that support for Metro will end in March 2022, no funding for Leamside Line
- **Net Zero** – Lack of focus on Net Zero and relevant support for Local Authorities
- **Green** – Funding for 100 pocket parks and £560mil for Local Authorities for youth services
- **Housing** – Commitment to affordable housing and Brownfield Land Release Fund

The presentation was summarised stating that uncertainty remains over possible impacts of furlough and the pandemic. Ongoing trade barriers could kick in, further deteriorating the regions economic situation. Atop of inevitable rising interest rates, an unequal social recovery, vulnerability to business decision and rising economic inactivity due to mental health issues caused by the pandemic, the region should stay prepared for the coming months. Despite these factors, positives were drawn from the topics discussed; skills shortages present employment opportunities, educational institutions can step up to train people for these sectors; the NECA region hasn't been disproportionately affected to the rest of the UK; unemployment rates are dropping; the skills gap between NECA region and the rest of the UK is narrowing; the NECA region is in a position to lead the green economy.

Members thanked the Senior Economic Policy Manager for his presentation but asserted that the aforementioned skills shortages do not present employment opportunities as suggested, as these vacancies are in 'undesirable' sectors such as hospitality, retail and social care, and therefore this remains an issue.

RESOLVED – That:

- i. the report and presentation be noted.

5. **UPDATE ON INVEST NORTH EAST ENGLAND ACTIVITY**

Submitted: A report and presentation of the Director of Invest North East England (previously circulated and attached to Official Minutes).

The Inward Investment Manager for Invest North East England (INEE) delivered the presentation on behalf of the Director, covering the recent activity of their organisation. The presentation opened with a summary of the organisations purpose, delivering strategic investment within all LA7 areas. Underpinned by partnership, engagement with Department for International Trade, STEM Universities and the private sector were said to be a prime focus.

It was noted that INEE looks to draw inward investment into the region with a focus on sectors such as IT and software, however successes in other sectors include:

- Financial, Professional and Business Services
- Energy
- Life Sciences
- Automotive
- Advanced Manufacturing
- Retail / Distribution

In total, INEE has completed 608 successful inward investment projects across all sectors above. It was mentioned that their work with the advanced manufacturing industry has seen the most successes, and that although INEE works with many large international firms, smaller niche companies still approach them, often with requirements for increasingly skilled roles.

It was noted that, despite the challenging years passed, successes have still been managed within the North East:

- **Just Eat** – 1500 jobs
- **Amazon** – 1500 jobs
- **SSE Thermal and Equinor** – 200 jobs

Progressions in clean energy and manufacturing were also noted, such as Nissan and Envision's unveiling of the new EV battery production factory at their Sunderland firm, as well as SSE and Equinor's offshore windfarm production factory, both projects adhering to NECA's green agenda. These projects are exemplary of INEE's emphasis on electrification, battery production and automotive supply chain. It was also noted that North Shoring Group are about to create around a thousand jobs in the region.

Attention was drawn to INEE's 'Move on Up' Campaign, which aims to attract business investment into the North East, with accent on the regions strong workforce and low attrition rates. The Campaign includes targeted online adverts as well as physical ads on billboards, accompanied by digital content such as editorials, audio campaigns and a dedicated webpage. Members were made aware that INEE staff had attended events to promote the Move on Up campaign. A short promotional video was presented to the Committee which exhibited imagery of notable LA7 areas.

Members asserted that the jobs and wages offered by Amazon are more attractive to workers than that of sectors who are already short of staff, most notably health and social care; the loss of European staff post-Brexit and the attractive wages offered by Amazon and now large supermarket chains are causing more issues than they are solving. Subsequently, it was queried what benefit the North Shoring Group would provide to the region. The Inward Investment Manager stated that INEE are not solely responsible for all aforementioned jobs created, and many of these firms would set up facilities in the region regardless of their assistance, this includes Amazon.

It was also noted that North Shoring are currently based in London, and that current employees are unlikely to be migrating with the company. This, as well as attractive qualities of North Eastern workforces such as the Geordie accent were said to be a desirable attribute for call-based companies such as North Shoring. The Interim Head of Digital and Customer Services questioned what North Shoring and other companies looking to invest into the North East would give back to the region, the response to which was that new companies tend to kickstart local skills schemes and career development programmes within the local communities; these companies are looking to invest in the production of local workers in order to recruit locally.

Members flagged an issue regarding the promotional video presented, stating that much of the imagery included was depictive of Newcastle, with little recognisable imagery of any other LA7 boroughs. Members felt as though this was not an equal representation of the North East as a whole. The Inward Investment Manager was requested to mind this when producing further promotional media for the Move on Up Campaign.

RESOLVED – That:

- i. the report and presentation be noted.
- ii. Invest North East England be requested to represent the wider LA7 area equally in future promotional content

6. **DURHAM COUNTY COUNCIL DIGITAL UPDATE – PROJECT GIGABIT**

Submitted: A report and presentation of the Interim Head of Digital and Customer Services, Durham County Council (previously circulated and attached to Official Minutes).

The Durham Digital Manager delivered the presentation which provided an overview of progress of Project Gigabit.

It was explained that Project Gigabit aims to assist areas who are currently unable to access and currently have no providers aiming to supply access to gigabit capable connectivity within the coming years. Properties are given a classification based off these factors, and only those who fully fit the outlined criteria are legible for the scheme. Members were made aware that as things stand, there are many areas which are 'under review', meaning these areas do not currently have gigabit connectivity, but providers to have plans scheduled to provide within the coming years. It was noted, however, that these plans could be dropped, making these areas legible for the scheme.

Members were also made aware that multiple factors are causing changes to BDUK's lotting strategy, which is still subject to change as more data is gathered. The lots have now been combined into a large 'Type B' lot with two smaller 'Type A' lots in Teesdale and Northumberland. A Pre-Procurement Market Engagement window had recently closed on 18 November 2021, and subsequent data may be used to further alter the procurement and lotting strategy.

A devised voucher scheme was placed on hold while BDUK defined the procurement area, however now this process has begun to progress priority areas have been introduced for the voucher scheme in order to supply those least likely to receive gigabit connectivity in the coming years with adequate services. It was noted that subsidising gigabit connectivity to rural areas will serve as a public function. Members were also notified of Government plans to construct 'GigaHubs' in rural areas which will serve as hubs to provide gigabit-capable networks locally; broadband infrastructure providers can later build upon these hubs to improve connectivity.

Members queried if a multi-party funding process would be undertaken, however such information is currently unavailable. The Digital Durham Manager made it clear that further data and information will be presented to future meetings when it is available.

RESOLVED – That:

- i. the report and presentation be noted.

7. **DATE AND TIME OF NEXT MEETING**

Tuesday 22 February 2022 at 2.00pm

Economic Development and Digital Advisory Board

Date: 22 February 2022

Subject: Economic Recovery Update

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 current position in terms of economic recovery from the pandemic across the NECA area. It examines the latest situation and data on the economy as a whole, the labour market (including employment and unemployment indicators) and footfall.

The presentation then describes the measures put in place by the four local authorities to support businesses through the pandemic, providing information on the new Government grant schemes announced just before Christmas. It concludes with an overview of next steps.

Please find the presentation attached in Appendix 1.

Recommendations

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

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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 (ongoing), roll out support for impacted Hospitality and Leisure businesses (by March 2022) and await further Government announcements, particularly the Levelling Up White Paper (expected February 2022).

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 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.

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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.

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15. Background Papers

15.1 The following background documents are referenced in the presentation:

- British Chamber of Commerce Quarterly Economic Survey: [here](#)
- Lloyds Bank North East Business Barometer Feb 2021: [here](#)
- NatWest North East Business Index, Jan 2022: [here](#)
- ONS Labour Market Statistics, December 2021: [here](#)
- North East LEP Analysis of Google Mobility Data: [here](#)
- Allocations of Additional Restrictions Grants and Omicron Hospitality and Leisure Grants: [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:

- CBILS: Coronavirus Business Interruption Loan Scheme
- BEIS: Department for Business, Energy and Industrial Strategy
- MHCLG: Ministry of Housing, Communities and Local Government
- NECC: North East Chamber of Commerce

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- LA7: Seven local authorities in the North East LEP area

Economic Recovery Update

Rory Sherwood-Parkin, Senior Economic Policy
Manager, South Tyneside Council

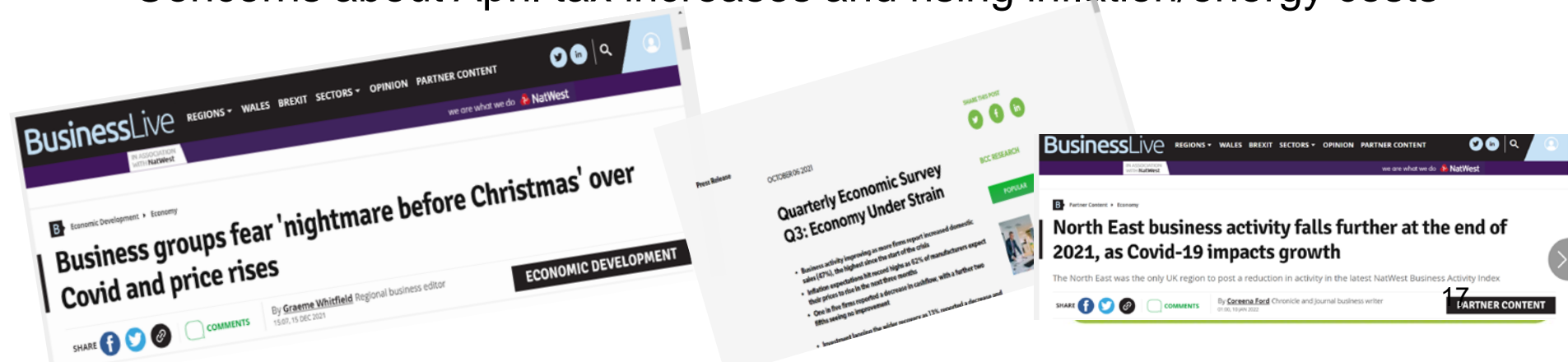
EDDAB, 22nd February 2022

Contents

1. Economy
2. Labour market
3. Footfall
4. NECA LA response
5. New Business Support
6. Next steps

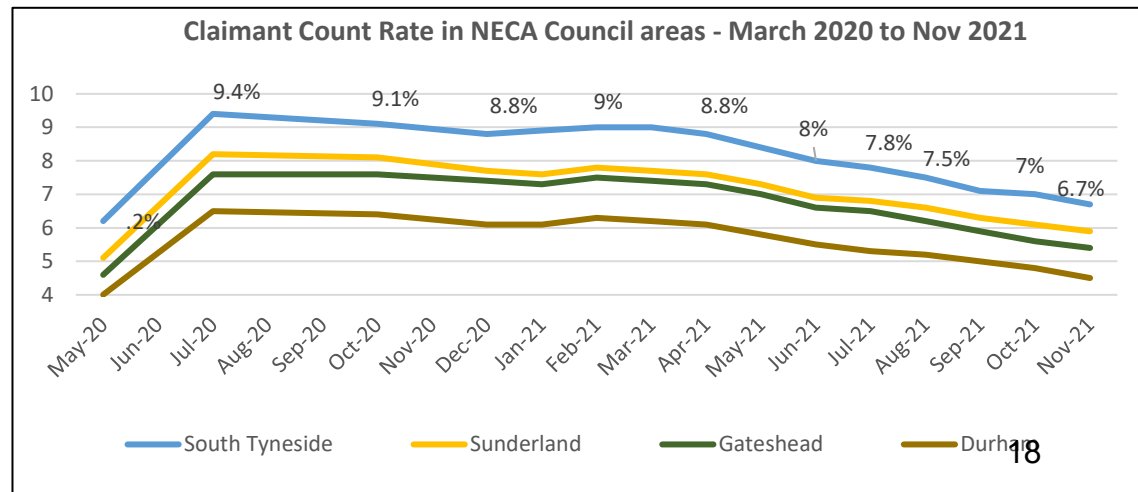
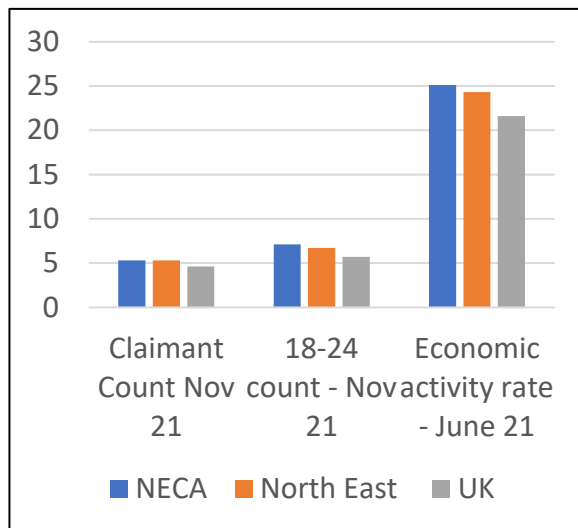
1. Economy

- Last year saw a strong bounceback from the steep falls in 2020
- But growth slowing in the final quarter of 2021 due to supply chain blockages, inflationary pressures and staff shortages (exports drop)
- Plus uncertainty created by new variant (impact upon business operations, consumer confidence and through Plan B restrictions)
- Pressures on hospitality, while manufacturers are seeing increased input costs and skills shortages, but are optimistic about 2022
- Concerns about April tax increases and rising inflation/energy costs



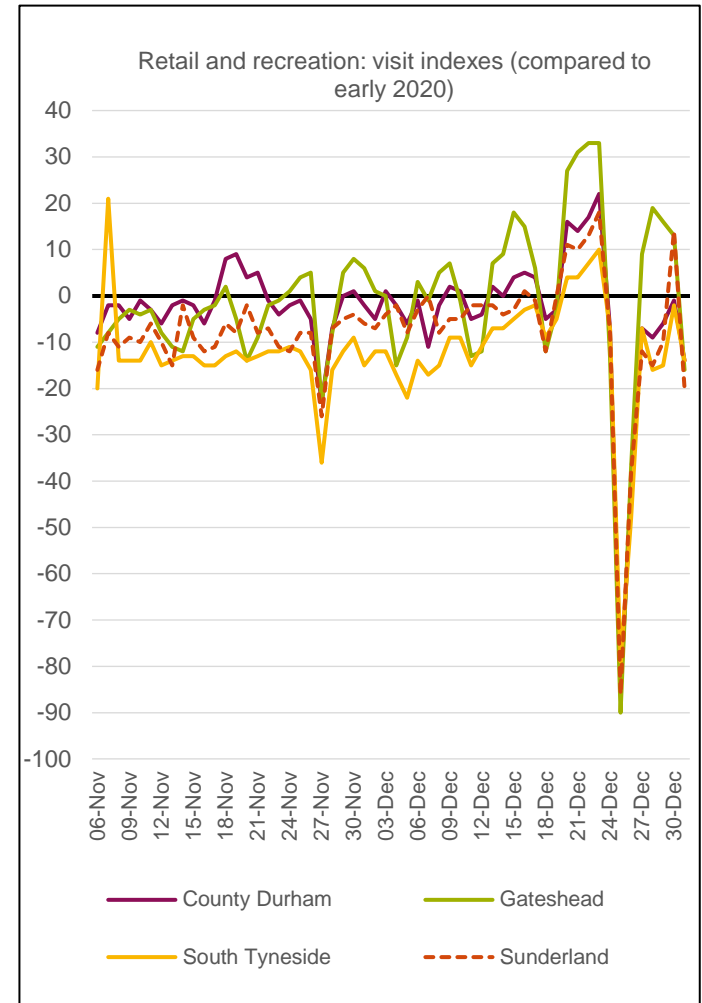
2. Labour market impact

- Not seen the expected unemployment rise from end of Furlough
- Unemployment fallen significantly since Autumn 2020
- Yet remains higher than UK average and above pre-pandemic
- Skills mismatch with record vacancy numbers, but companies struggling to recruit (particularly in social care, hospitality)
- Concerning rise in economic inactivity and long-term unemployment



3. Footfall

- Retail and recreation footfall largely returned to pre-pandemic rates
- Footfall over Christmas period largely held up, but evidence of quiet January (always lower footfall)
- Differences between cities and towns
- But big fall in public transport usage being maintained (increased car usage)
- Significant return to workplace (Dec rates highest since March 2020), but that was before pre-Plan B restrictions



4. NECA LA response

Supported businesses from the start of the pandemic through:

- Open, Closed & Sector Local Restriction Support Grant schemes
- Additional Restrictions Grants
- Kickstart Tourism Grants
- Christmas Support Payments for Wet-led Pubs
- Helping businesses to access Government loan support (CBILS, Bounce Back)
- Coordinated Kickstart six-month placements
- Signposted businesses towards support
- Reporting feedback and concerns up to BEIS & MHCLG (LA7)

5. New business support

New announcements of £10.8m in funding from Government in December 2021 in response to new Omicron variant:

- Omicron Hospitality & Leisure Grant (O H&L grant)
- Additional Restrictions Grant (ARG) top up
- Cultural Recovery Fund opening for applications

However, this is not likely to be enough to cover demand and the spending timescales (March 2022) too short

Local Authority	ARG Top-Up	Omicron H&L Grant
Durham	£617,470	£5,352,480
Gateshead	£233,168	£1,416,078
South Tyneside	£144,988	£978,066
Sunderland	£260,512	£1,806,111

6. Next Steps

- **Continue to rollout new grant support to support businesses, while helping residents access (and retrain for) new jobs**
- **Continue to monitor impact of CV19 upon the NECA economy and target support to areas most needed**
- **Lobby Government for further support (awaiting Levelling Up White Paper, Business Rates and UK Shared Prosperity announcements)**

Economic Development and Digital Advisory Board

Date: 22 February 2022

Subject: Invest North East England Update

Report of: Thematic Lead for Economic Development and Digital

Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Digital theme of the Combined Authority.

Recommendations

The Advisory Board is recommended to note and provide any comments on the update report.

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1.0	Invest North East England (INEE)
1.1	<i>Inward Investment Successes</i>
1.2	<p>Provisional successes/new job numbers for financial year 2021/22 (Q1 - Q3), in the NECA area are:</p> <ul style="list-style-type: none"> • 18 FDI projects resulting in 2,313 new jobs • 8 UK inward investment projects resulting in 1,101 new jobs. <p>Across the wider INEE area (including North of Tyne Combined Authority) in 2021/22 (Q1-Q3) provisionally there have been a combined total of 46 inward investment projects resulting in over 4,380 new jobs.</p> <p>Key successes in NECA area include:</p> <ul style="list-style-type: none"> • The creation of 1,500 jobs at Just Eat, at Rainton Bridge, Sunderland • New jobs following the announcement of Nissan/Envision's investment at IAMP <p>It should be noted that there are some significant projects that are still to be 'officially verified' such as the new Amazon project in Gateshead (approx. 1,500 jobs) and the SEE/Equinor project in South Shields (200 jobs). These have not yet been counted in this year's success figures.</p> <p>In an interesting trend being seen across the North East, this year has also seen a number of acquisitions of North Eastern digital and technology companies, including:</p> <ul style="list-style-type: none"> • US company Turntide Technologies acquiring Borg Warner and Hyperdrive Innovation <p>Irish company Flutter Entertainment acquiring Tombola</p>
1.3	<i>Current Enquiries</i>
1.4	<p>The INEE team is currently experiencing an increase in enquiry levels after a quiet start to 2021/22. Although visits to the region are still difficult during the current restrictions, projects are being developed with clients in several key sectors and some very promising new projects are emerging. Amongst these, are projects in the renewable energy, advanced manufacturing/electrification and business services sectors, which if successful will lead to the creation of thousands of jobs.</p>
1.5	<i>Marketing and Communications</i>

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1.6	<p>Promoting the INEE brand and services continues to be a focus for the team. INEE has produced an integrated marketing plan for 2021/22 to coordinate activities to promote the region.</p> <p>This has included the Move On Up campaign – an integrated campaign promoting the region as a place to invest for companies currently located in London and the South East considering ‘northshoring’ projects. Activity has included editorial in key publications, a digital advert campaign, social media activity and a dedicated web page on the INEE website.</p> <p>Activity has also included updating content on the sector pages of the INEE website and Energy Gateway North East England website. In addition, INEE has refreshed sector brochures (available digitally).</p> <p>The team continues to use social media (Twitter / LinkedIn) to promote the region to a wider audience. This has included a tailored social campaign in December 2021 promoting the Top Stories of the year.</p> <p>The team has been proactive in commenting and featuring in virtual events, webinars and panel discussions to promote the region and the brand. Recently, a team member featured in a podcast with Molecule2Market discussing why North East England is a hot spot for Life Sciences</p>
1.7	<p>Events</p>
1.8	<p>The Events calendar has been severely reduced in 2021/22, however, towards the end of 2021, the team did attend key events including;</p> <ul style="list-style-type: none"> • NEAA Expo (Sept 2021) – Exhibited and arranged 1-2-1 meetings • Global Offshore Wind (Sept 2021) – Delegate with 1-2-1 meetings with potential investors • Offshore Wind North East – Exhibited and associated meetings <p>The INEE team also continued to source opportunities with virtual events and panel opportunities including;</p> <ul style="list-style-type: none"> • Working with Satellite Catapult centre of Excellence to host a panel during Manchester Digital festival (April 2021) • Hosting a panel discussion at the Bio-Now Conference (July 2021) • The team is working closely with Lockheed Martin Space and other regional partners to arrange a Skills and Supplier event on 1 March. Lockheed Martin

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	<p>Space is considering the North East as a location for a new satellite manufacturing centre.</p> <p>The 2022/2023 event calendar is currently being prepared.</p>
1.9	Key areas of focus 2022/23
1.10	<p>INEE will continue its focus on those sectors which offer the most potential for inward investment. These include:</p> <p>Electrification</p> <p>INEE has recently appointed a new team member to lead on developing the North East proposition on electrification. Electrification (electric vehicles and supply chain, batteries/battery storage/ R+D, rail, ships etc) is a huge opportunity for the North East, and the region is leading the way in the UK in many aspects of this. INEE, working with partners, will develop a strong proposition and associated materials including a web site to promote this key area and drive new enquiries and investment.</p> <p>Digital Technology</p> <p>A sector with huge potential for the North East. The team will further develop its approach to attracting gaming and immersive technology companies to the region, as well as developing new approaches to Fin Tech, MedTech and a range of other digital technology sub-sectors.</p> <p>Offshore Wind/ Renewables</p> <p>The Team has a strong pipeline of enquiries in this sector which has seen a number of successes in the last year.</p> <p>Life Sciences</p> <p>As well as developing a High Potential Opportunity (HPO) proposition with DIT on Healthy Ageing, the team will focus on developing a strategy to attract further biopharma manufacturing to the region.</p> <p>Business Services</p> <p>INEE will build on the current ‘Move on Up’ campaign to attract further companies to the region in a sector that has seen much success over the past two years (e.g. Just Eat, Verisure, Xplor)</p>
2.0	Reasons for the Proposals
2.1	<p>This report provides an update on Economic Development and Digital theme activities and requests views and comments from the Board.</p>

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3.0	Alternative Options Available
3.1	There are no alternative options associated with this report.
4.0	Next Steps and Timetable for Implementation
4.1	A further update will be provided to the Board at subsequent meetings.
5.0	Potential Impact on Objectives
5.1	The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.
6.0	Financial and Other Resources Implications
6.1	There are no financial or other resource implications directly associated with this report as it is for information only.
7.0	Legal Implications
7.1	There are no legal implications arising from this report.
8.0	Key Risks
8.1	There are no specific risk management issues arising from this report.
9.0	Equality and Diversity
9.1	There are no specific equality and diversity issues arising from this report.
10.0	Crime and Disorder
10.1	There are no specific crime and disorder issues arising from this report.
11.0	Consultation/Engagement
11.1	There are no specific consultation and engagement issues arising from this report.
12.0	Other Impact of the Proposals
12.1	There are no further impacts arising from the proposals.

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13.0	Appendices
13.1	None
14.0	Background Papers
14.1	None.
15.0	Contact Officers
15.1	Guy Currey, Director - Invest North East England, guy.currey@inee.co.uk
16.0	Sign off
16.1	<ul style="list-style-type: none"> • Head of Paid Service: ✓ • Monitoring Officer: ✓ • Chief Finance Officer: ✓
17.0	Glossary
17.1	None.