

Economic Development Digital Advisory Board

Tuesday 20 April 2021 at 2.00pm

Meeting to be held virtually via Microsoft Teams

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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 February 2021	1-6
For approval as a correct record	
4. Covid-19 Economic Recovery Plan	7-20
5. Digital Update (Presentation to follow)	21-24
6. North Shoring (Presentation to follow)	25-27
7. Date and Time of Next Meeting: To be confirmed.	

Contact Officer: Jonathan Lunness
Tel: 0191 4247536
Email: jonathan.lunness@northeastca.gov.uk

Economic Development and Digital Advisory Board

Draft Minutes for Approval

23 February 2021

(2.00pm – 3.00pm)

Meeting held: virtually via Microsoft Teams

Present:

Chair	Cllr T Dixon
Councillors	G Miller, C Marshall (not present for Item 6, at which point the meeting became inquorate)
Co-opted Members	Gillian Hall (NELEP), Sarah Glendinning (CBI)
Officers	Guy Currey (Director, Invest North East England), John Scott (Head of Economic Growth, South Tyneside Council), Nicola Robason (Monitoring Officer – Core, NECA), Gavin Armstrong (Policy and Scrutiny Officer, NECA), Rory Sherwood-Parkin (Senior Economic Policy Manager, South Tyneside Council), Jonathan Lunness (Strategy and Democracy Support Officer, South Tyneside Council), Karen Connolly (Strategy and Democracy Officer, South Tyneside Council)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Brain and Cllr Adams.

2. DECLARATIONS OF INTEREST

Gillian Hall declared an interest in Item 6 as a Harbour Commissioner at the Port of Blyth.

3. **MINUTES OF THE MEETING HELD ON 21 JULY 2020**

The minutes of the previous meeting held on 21 July 2020 were approved as a correct record.

4. **EU EXIT UPDATE**

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

Rory Sherwood-Parkin presented the report and delivered a presentation on the UK's exit from the European Union and the impact upon the North East Combined Authority area.

The presentation covered the following topics:

- The UK-EU Trade Agreement;
- Immediate Impact;
- NECA Activity;
- Risks and Opportunities;
- UK Shared Prosperity Fund;
- Next Steps

During the presentation, the following points were highlighted:

- The UK-EU Trade Agreement was approved on 31 December 2020 and covers Trade, Information Sharing, Security and Nuclear Cooperation, with compromises reach on fishing and the level playing field;
- Work remains ongoing with 25 specialist committees established and a pledge to review the deal every 5 years;
- It will take time to fully analyse and understand the implications of the agreement;
- The threat of tariffs have been removed by the deal, however non-tariff barriers adding significant time and cost pressures for businesses already struggling due to Covid-19;
- At this early stage it is difficult to differentiate between concerns that are teething issues and those that are part of the agreement itself;
- Larger firms are better prepared, but concern remains for SMEs;
- Local Authority business support teams are raising awareness with SMEs and signposting to regional support, such as the North East Growth Hub;

- Key sectors are continuing to be monitored by the LA7 and each LA is closely monitoring local impacts, with any issues raised by the LA12 to government every week;
- Risks include delays relating to Rules of Origin, difficulties importing/exporting due to VAT and carrier fees, a lack of funding and clarity regarding the UK Shared Prosperity Fund (UKSPF) and a possible longer-term impact on the UK economy;
- Opportunities include the bid for a NE Freeport, an opportunity to review the UK Subsidy Regime, the chance to grow the Electric Vehicle supply chain and global trade opportunities;
- UKSPF is unlikely to be available until 2022 and questions remain over the levels of funding, with further clarification awaited.

During discussion by Members, the following points were raised:

- A Member noted that the region received significant amounts of money from the EU funding schemes, as it was one of the few schemes that allocated money based on social deprivation;
- Members noted the need for local authorities to have the ability to make decisions on how the money received from the UKSPF is spent;
- It was highlighted by Members that further clarity is needed regarding the UKSPF and NECA should continue to seek further information from Government;
- It was raised that individual local authorities have plans in place to closely monitor any impact from the EU exit;
- A Member raised concerns the risk of the UKSPF being a competition for funding, as opposed to fairly dividing out the money;
- It was raised that the region should continue to think seriously about possible opportunities, such as freeports and green energy.

RESOLVED – That:

- i. the report and presentation be noted.

5. **COVID-19 ECONOMIC RECOVERY PLAN**

Submitted: A report and presentation of the Thematic Lead for Economic Development and Digital (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 Rory Sherwood-Parkin.

The presentation provided information on the following topics:

- Economic impact;
- Labour market impact;
- NECA LA response;
- Government announcements;
- Budget 2021;
- Next steps

During the presentation, the following points were noted:

- Covid-19 caused a significant economic shock, with the NECA area particularly hard hit given the high proportion of jobs in at-risk sectors;
- Business confidence is low, with footfall low in town and city centres;
- Digital, professional services, low-carbon and construction are doing well;
- Significant rise in unemployment since March 2020, with the North East having the highest levels outside of London;
- North East vacancy levels are close to pre-pandemic levels;
- LAs in the NECA area continue to support businesses through a variety of schemes, as well as the Kickstart six-month placements and monitoring the impact on key sectors;
- The March Budget will be delivered on 3 March 2021 with the possible announcement of further measures to support the economic recovery.

During discussion by Members, the following points were raised:

- A Member highlighted that the Covid-19 recovery will perhaps take more time and resources than the Government expects and therefore the work to support businesses through the crisis is essential;
- It was queried if there was any further guidance or help which could be provided by the CBI to assist LAs in supporting the roll-out of support grants to businesses;
- It was raised whether there needs further support with testing and vaccines to help the return to work and reopening as laid out in the Government's Roadmap, noting that the CBI has called for extended financial support in this regard;
- It was noted that businesses can contact local authority public health teams where support is available to assist with testing for businesses of 50+ staff;

- A Member raised that during lockdown last year, investment enquiries fell significantly, although there was a spike towards the end of the year, particularly for warehousing and manufacturing space. It was noted that Covid-19 has currently had an impact on the demand for office space;
- It was noted that Invest North East England is running a northshoring campaign to attract businesses from London and the South East, with the North East offering a stable workforce and cost-attractive option. Members noted that discussions with businesses remain ongoing.

The Chair thanked Rory Sherwood-Parkin for the update and presentation.

RESOLVED – That:

- i. the report and presentation be noted.

6. FREEPORT UPDATE

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

The Advisory Board received a presentation on the North East Free Port Proposal. The presentation was delivered by John Scott.

The presentation provided information on the following topics:

- What a Free Port is;
- UK Free Ports;
- Government Requirements;
- The North East Free Port Model;
- Proposed Tax Sites;
- Customs Sites – Overview and Benefits;
- Proposed Customs Sites;
- Business Rate Surplus and Potential Uses;
- Governance and Timescales

During the presentation, the following points were noted:

- A free port is within a country's territorial area, but considered outside the custom's border, with a framework to lower the administrative burden and costs of importing/exporting within the zone;

- The Government launched a competition to create 10 Free Port Zones across the UK, with the North East bid based upon a digitally-connected multi-site;
- The North East bid covers 3 ports and the airport, with 3 separate tax sites;
- Businesses operating within Freeport customs sites will receive the authorisation to use simplified import procedures;
- The North East bid has been supported and developed with NECA, NoTCA, Newcastle Airport, Nissan, the Ports of Tyne and Blyth, and the NELEP.

The Chair thanked John Scott for the update presentation.

RECOMMENDED – That:

- i. the presentation be noted.

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

Tuesday, 20 April 2021 at 2.00pm

Economic Development and Digital Advisory Board

Date: 20 April 2021

Subject: CV19 Regional Economic Recovery

Report of: George Mansbridge, Head of Paid Service, South Tyneside Council

Executive Summary

The purpose of this report is to provide a presentation on the current economic and labour market impact of the pandemic upon the NECA economy, the response from national and local government and the latest developments from the March 2021 Budget.

Recommendations

The Economic Development and Digital Advisory Board is recommended to note the contents of the presentation.

Economic Development and Digital Advisory Board

1. Background Information

- 1.1 This presentation on CV19 regional economic recovery will outline the economic and labour market impact upon the NECA area of the CV19 pandemic. It will describe the response from NECA and the four constituent authorities to this unprecedented economic shock, the wider regional response and how this fits with Government announcements (particularly the recent Budget).

2. Proposals

- 2.1 There are no proposals being put forward as the presentation is for information and discussion.

3. Reasons for the Proposals

- 3.1 Not applicable.

4. Alternative Options Available

- 4.1 Not applicable

5. Next Steps and Timetable for Implementation

- 5.1 Not applicable.

6. Potential Impact on Objectives

- 6.1 None.

7. Financial and Other Resources Implications

- 7.1 None

8.

- 8.1 None

9. Key Risks

Economic Development and Digital Advisory Board

9.1 None

10. Equality and Diversity

10.1 None

11. Crime and Disorder

11.1 None

12. Consultation/Engagement

12.1 None

13. Other Impact of the Proposals

13.1 None

14. Appendices

14.1 None

15. Background Papers

15.1 Economic data from North East Data Hub [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

Economic Development and Digital Advisory Board

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

18. Glossary

- 18.1 OBR (Office for Budget Responsibility)
NELEP (North East Local Enterprise Partnership)

CV19 Regional Economic Recovery

Economic Development & Digital Board

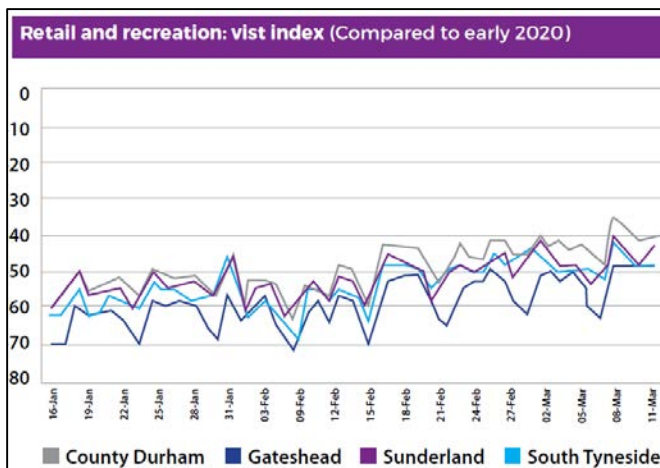
20th April 2021

Contents

1. Economic impact
2. Labour market impact
3. NECA LA response
4. March 2021 Budget
5. Recovery & Renewal Deal
6. Other Government announcements
7. Next steps

1. Economic impact

- **Profound economic shock** with NECA hit hard given high proportion of jobs in at-risk sectors (hospitality, retail, visitor economy, travel)
- Town and city centres **hit by low footfall** and national retailer closures
- Manufacturers experiencing **supply chain issues** (particularly automotive)
- Many firms **exhausted reserves** and cash flow, real concerns about surviving until they are able to reopen (and about loan repayments)
- City and town centre firms concerned about **consumer confidence** (but expectation of staycation boost to hospitality and tourism sector)
- Hospitality and retail **asking for clarity** on measures to reopen
- But business **confidence picking up** (highest level since July)
- Digital, prof services, low-carbon and construction sectors doing well



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B Economic Development Chamber of Commerce

North East businesses face multiple challenges as they mark year of lockdown

Quarterly survey by the North East England Chamber of Commerce highlights issues with cashflow, sales and funding

SHARE

By **Graeme Whitfield** Regional business editor
09:00, 23 MAR 2021

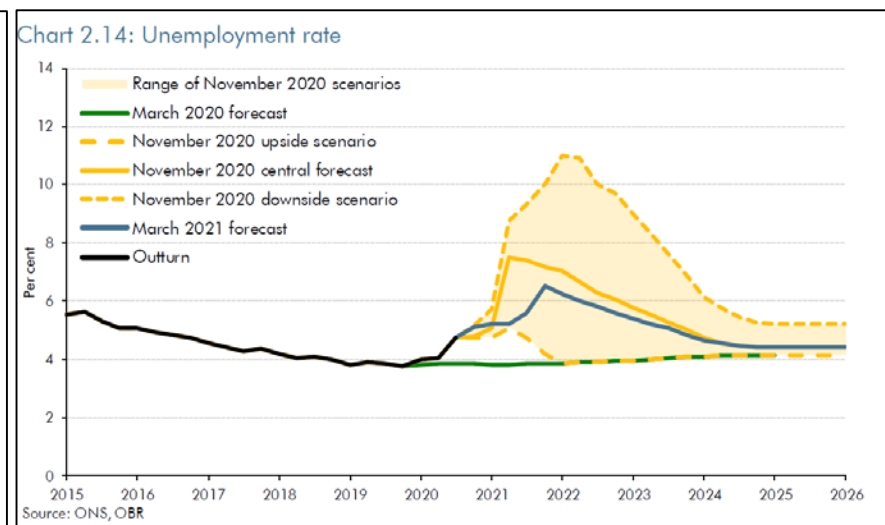
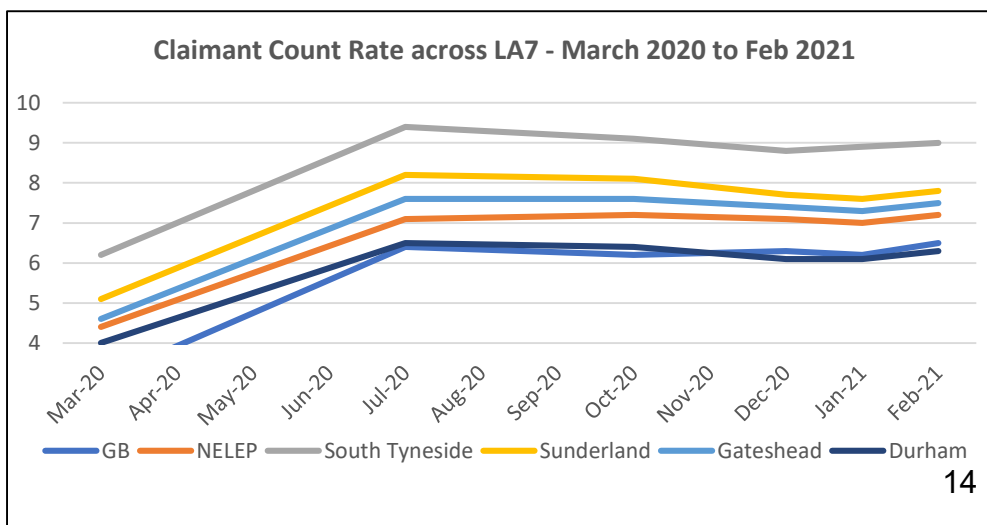
ECONOMIC DEVELOPMENT

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2. Labour market impact

- **Rise in total unemployment** since March 2020 (6.2% in NE compared to 5% nationally) means we have highest levels outside London
- **Furlough keeping this down**; 64,000 workers (13% of workforce) on Furlough at end of Feb (up from 52,000 or 11% in Dec)
- **Claimant count slowly rising** following big jump last year (up from 4.7% in March 20 to 7.6% in Feb 21, particularly 18-24s (up 4,000).
- Encouragingly, NE vacancy levels close to pre-pandemic levels (growth in construction, logistics, manufacturing, health and social care)
- OBR forecast in Budget say national unemployment (five year high at 5.1%) to **keep rising** and peak at 6.5% at end of year (see below)



3. NECA LA response

- **Supporting businesses through:**
 - Closed Businesses Lockdown Payment
 - Open, Closed & Sector Local Restriction Support Grant schemes
 - Additional Restrictions Grants (taking LA7 approach and supporting supply chain and non-listed firms)
 - Christmas Support Payments for Wet-led Pubs
 - Helping businesses to access Government loans
 - Signposting to support (particularly on import/export re EU Exit)
- **Coordinating Kickstart six-month placements**
- **Accessing Getting Building Funds** to accelerate key projects
- **Monitoring impact upon key sectors and trends** (anecdotal rise in start-up activity and industrial unit demand)
- **Reporting feedback and concerns to BEIS & MHCLG (LA7)**, such as those excluded from support, Spring crunch point, lockdown-easing plan

4. March 2021 Budget

- Extensions to Furlough, hospitality VAT cut, business rate holidays, stamp duty cut and Universal Credit uplift (**potential Sept cliff edge**)
- **New grant support for businesses** (up to £6k for retailers, up to £18k for hospitality) and widening of self-employment grant (but still gaps)
- Incentives doubling to take on apprentices and further **funding for cultural organisations** (and funding for community ownership)
- **Freeports**, offshore wind funding and government relocation (but not for the NECA or NELEP areas with concerns about displacement)
- Focus on **green and digital growth** (Infrastructure Bank, SME support)
- Launch and more detail on **Levelling Up Fund and UK Community Renewal Fund** (pre UKSPF) with June deadlines (focus on quick delivery)
- Five year city-region transport settlements, but not for North East
- LA7 £2.7bn **Recovery and Renewal Deal** submitted to Government with ongoing negotiations underway....

5. Recovery & Renewal Deal

NE-Wide Recovery Proposals: Some headlines

- **£2.8bn of investment** in a range of areas important to recovery – including transport, digital, housing, place infrastructure and future economy
- **Clean Growth and Net Zero** – including investment in offshore wind & supply chain, advanced manufacturing and support for transition to net-zero infrastructure
- **Inclusive Economy and Good Jobs** – including expansion of skills funding and powers, education challenge, Good Work pledge and rapid investment to support retraining & employment
- **Future Connectivity** – including bold investments in transport and digital connectivity...reflecting a new life – work – travel balance and economic realities for transport.
- **Rural Innovation** – improving connectivity, SME innovation and rural-urban transport links, as well as extending ‘town deal’ investments
- **Place Based Funding** – so that we can make this work for our diverse towns, cities and places – building on Govt proposals around Levelling Up Fund and SPF.
- **Augmented Business Support** – reflecting the need for a range of support from digital adoption and LM insight, through to startup and bridging funding
- **Fiscal Incentives** – such that will support rapid recovery in our cities, connect our export offer through a Freeport, and support health & growth through Prevention Fund.
- Phased approach which could unlock 100k jobs, 26k training opportunities, 100k homes retrofitted.... Calling for **rapid co-investment from Govt**

The proposal

This is a bold proposal, reflecting the scale of challenge which COVID-19 has brought to our region and we have framed it around a five-point plan:



If ever there was a time for radical change and transformation it's now – and the North East is ready.

6. Other Government announcements

Number of other initiatives underway on short and long term recovery:

- **Job Centre Plus Restart programme** to support 12-month unemployed (from Summer 2021) and Job Entry Targeted Support (underway)
- **Skills for Jobs White Paper** – Focus on Further Education; upgrading buildings, support for reskilling (Lifetime Skills Guarantee) and building links with industry and growth sectors (Local Skills Improvement Plans)
- **Energy White Paper & Ten Point Plan** – Real focus on green growth, particularly Electric Vehicles, offshore wind and housing
- **Consultations on new subsidy regime** to replace EU State Aid (designed to support key sectors) and procurement (to allow more local suppliers)
- **National Infrastructure Strategy** published (plus TfN agreed Northern Powerhouse Rail plan and LA7 agreed North East Transport Plan)
- **Strategic Defence Review** (focus on cybersecurity)
- Consultations on **Tax reform**
- **Awaiting Devolution White Paper** and announcement around Business Rates

7. Next Steps

- Continue to **roll out grant support to businesses** and help residents access new jobs
- Continue to **monitor impact** of CV19 Exit upon the NECA economy and resulting recovery measures
- Continue to **work across NELEP area** on Recovery and Renewal Deal submission to Government
- Continue to **lobby Government** for further support for economic recovery and clarity on funding streams and measures

Economic Development and Digital Advisory Board

Date: 20 April 2021

Subject: Digital Update

Report of: Thematic Lead for Economic Development and Digital

Executive Summary

The purpose of this report is to provide the opportunity for the Board to have a further discussion on the NECA digital agenda, exploring the practical implementation of digital initiatives in the area.

Recommendations

The Advisory Board is recommended to receive a presentation from Victoria Murray (Head of Digital and Customer Services at Durham County Council) and take part in a discussion about the development of the digital agenda in the NECA area.

Economic Development and Digital Advisory Board

1. Background

- 1.1 Part of the Advisory's Board remit is advising the Leadership Board on the digital agenda and the associated implications and opportunities for the NECA. This includes building an understanding of regional and national strategies, developments and initiatives and how the NECA can benefit from involvement, or as it is well placed to do, lead the way.
- 1.2 Building on previous presentations to the Board (including from Sunderland) and Overview and Scrutiny Committee (from South Tyneside), a presentation will be given at this meeting with an update on some of the practical, digital developments and projects being implemented in the NECA area.

2. Proposals

- 2.1 This report and the presentation to be provided, update the Board on digital developments in the NECA area and the activity currently taking place.

3. Reasons for the Proposals

- 3.1 The digital agenda and continual developments in the deployment of new technologies are of key importance to economic growth. Places at the forefront of providing the best digital connectivity to business, as well as to residents and communities, will be best positioned to realise their growth potential. The presentation will therefore enable the Board to consider the digital issues and opportunities for the NECA area, providing any advice to the Leadership Board.

4. Alternative Options Available

- 4.1 There are no alternative options associated with this report.

5. Next Steps and Timetable for Implementation

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

6. 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. Financial and Other Resources Implications

Economic Development and Digital Advisory Board

7.1 There are no financial or other resource implications associated with this report.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 There are no further impacts arising from the proposals.

14. Appendices

14.1 None.

15. Background Papers

15.1 None.

16. Contact Officers

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

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

Economic Development and Digital Advisory Board

17. Sign off

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

18. Glossary

- 18.1 None.

Economic Development and Digital Advisory Board

Date: 20 April 2021

Subject: Northshoring

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 northshoring. The presentation will cover: what is meant by northshoring; why the North East is an attractive location for companies considering northshoring; some examples of recent northshoring successes in the North East; plans being developed by Invest North East England for a northshoring campaign in 2021/22.

The 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.

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 northshoring campaign 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 a northshoring campaign.

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.