

THIS IS NOT A PUBLIC MEETING

North East Local Enterprise Partnership Board



Thursday 29 November 2018

17.00 – 19.00

Venue: Durham University Business School,
Mill Hill Lane , Durham DH1 3LB

AGENDA

Please note that items 5 and 8 are confidential as they contain commercial information relating to the financial or business affairs of a particular person or organisation and are not for wider circulation.

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Declarations of interest** (5.00pm)
3. **Minutes of the last Board Meeting held on Thursday 27 September 2018** – paper attached (5.00pm). The Board will be asked to agree the Minutes.
4. **SEP Delivery Plan** – paper attached (5.05pm)
Helen Golightly to present to the Board.
5. **Draft updated Strategic Economic Plan** – confidential paper attached (5.15pm)
Presentation to the Board.
6. **Inward Investment** - paper attached (6.00pm)
Nigel Wilcock from Mickledore to present to the Board.
7. **Brexit preparations** – paper attached (6:30pm)
Richard Baker to present to the Board.
8. **Funding approvals** – confidential paper attached (6.40pm)
Paul Woods to present to the Board.
9. **Governance** - paper attached (6.50pm)
Helen Golightly to present to the Board.
10. **Any Other Business**
11. **Date and Time of next meeting – Thursday 31 January 2019 from 5 - 7pm**

North East Strategic Economic Plan Programme Delivery update

29 November 2018

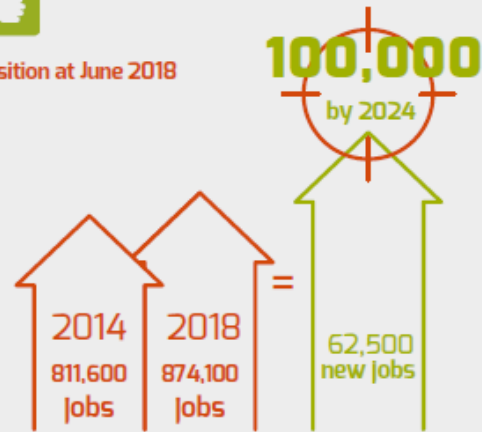


Performance against Strategic Economic Plan targets since 2014 (Last updated Oct 2018)

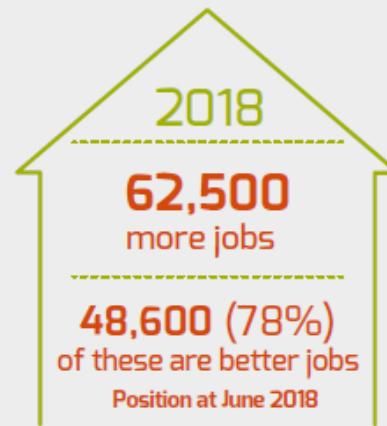
Target increase the number of jobs in the North East economy by 100,000 by 2024



Position at June 2018



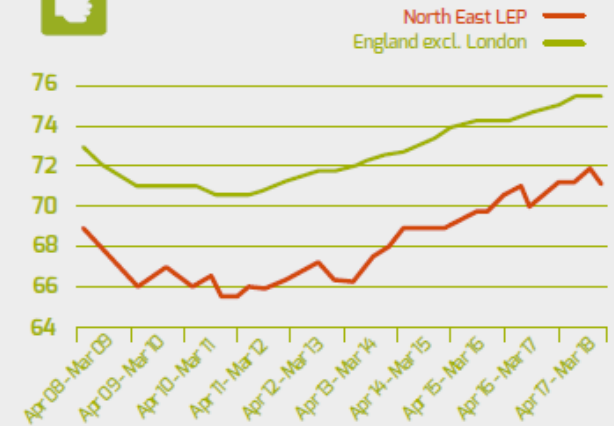
Target 70% of all jobs created from 2014 will be better jobs



Close the gap in the employment rate for people aged 16-64
Target 100% reduction in gap by 2024



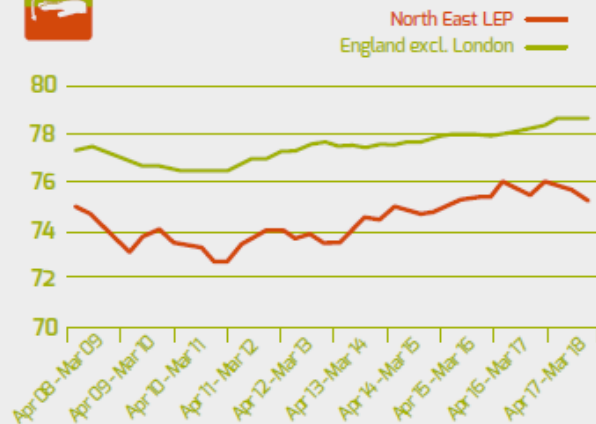
Position at June 2018: 23% reduction



Reduce the gap in economic activity for people aged 16-64
Target 50% reduction in gap by 2024



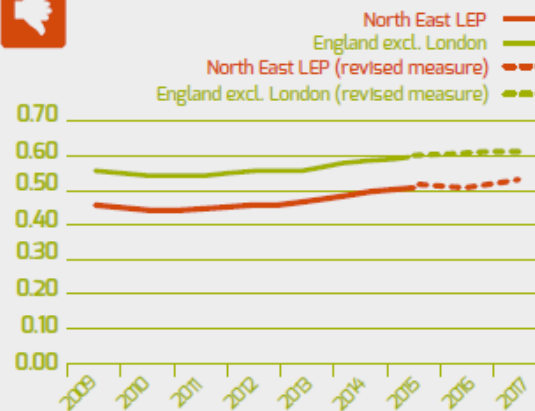
Position at June 2018: 4% reduction



Reduce the gap in private sector employment density
Target 50% reduction in gap by 2024



Position at 2017: 5% increase



Reduce the gap in GVA per full-time equivalent
Target 50% reduction in gap by 2024

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or region in the United Kingdom. GVA per full-time equivalent (FTE) job is a way of measuring the productivity.

Again, the GVA per FTE is lower in the North East LEP area than in England excluding London. Progress: Between 2014 and 2015, the gap between the North East LEP area and England excluding London had increased by 9%.

However, there has been a discontinuity in the data that underpins the FTE element of this measure. Changes have also been made to regional GVA data (with a new balanced GVA figure published for the first time in December 2017) and there is a case that it would be more appropriate to use a GVA per worker or GVA per hour figure as an alternative. As a result, this target is being reviewed by the North East LEP, in consultation with partners.

Innovation Programme | Lead: Alan Welby

Goals

Our vision is for the North East to take its place as an innovation hot spot in Europe – an exemplar in ‘smart specialisation’ and open innovation systems and practice. Our aim will be to encourage business growth and social development by creating an environment in which new products and processes can improve performance or solve challenges, embed new technologies and promote cross-sector learning and development for the economy.

SEP Action	Progress/ current position	High level risks	Lead	Status
Ecosystem development – provide business support, expertise, share knowledge and increase partnership learning				
Set up and deliver the Innovation Observatory project	<p>A draft Innovation Observatory report has been received to be presented to the next Innovation Programme Delivery Board (29/11/18) for consideration and discussion.</p> <p>This will be used to inform the next steps of development in considering routes to link research excellence and fore-sighting to business need.</p>	<p>Long-term funding is still to be confirmed</p> <p>Information developed is not shared or not shared in a way which meets business need.</p>	Alan Welby with Durham Uni	G
Set up a programme to support the development of a stronger innovation network environment in the region	<p>The Super-Network programme continues and the relationship has been enhanced with the secondment of Angela MacOscar into the LEP to work on the INVITE project. The third joint team meeting has taken place with joint activities being started around innovation programmes of support and access to finance.</p>	<p>SuperNetwork is not adequately embedded in LEP Innovation activities.</p>	Alan Welby	G
Develop programme to support growth in number of incubators and innovation hubs	<p>The second round of the Incubator call has been launched with 4 applications from the first round invited to progress to full application stage. The call closes in November however 5 projects have shown interest in applying.</p>	<p>Fund is not allocated due to inadequate applications.</p>	Alan Welby	G
Communicate the proof of concept funding landscape to business	<p>VentureFest was held on the 14th November and was a success with 800 attendees. The Finance Camp event was held on the 5th July.</p> <p>A further piece of work to understand further work needed around access to finance for innovation is being initiated with the SuperNetwork currently.</p>	<p>The funds fail to deliver against a shared understanding of innovation projects.</p> <p>Project pipeline is not strong enough to support the level of investment available.</p>	Alan Welby	G
Established North East Innovation Leadership	<p>The SEP update process is being taken forward with a review of the Innovation Programme being led by a small steering group established by the LEP to consider the next stage in the innovation programme.</p>	<p>Innovation Leadership is not recognised or understood by partners.</p> <p>Role not recognised in Government funding approaches</p>	Alan Welby	G
Secure support for relevant national Science and Innovation Audits	<p>The Science and Innovation Audit has been delivered with communications lined up to support the launch following the Government announcement.</p>	<p>Delivery of audits is incomplete or is not embedded in national policy.</p>	Alan Welby	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network	The relationship with InnovateUK continues to strengthen however a new regional lead is expected shortly. A new increased relationship with the central BEIS team for innovation has been started with a visit of officials to the North East. Good on going partnership with the Catapult Network.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Alan Welby	G
Innovation Infrastructure – Projects and Programmes for Innovation				
Support the delivery of key innovation projects as set out in the SEP	The second Innovation Project development call is live until the end of November. One application has been received by the last review point although there is a strong pipeline of interest.	Projects do not deliver the Innovation Programme strategic objectives.	Alan Welby	G
Establish at least one test bed facility	The 5G team delivered a bid submission for the national 5G Urban Connected Communities Project. Unfortunately this was unsuccessful for government funding (coming second); however the private sector partners remain engaged with the North East project and the project team continues to develop the project, potential funding routes and commercial models.	Government and/or the market and/or the region do not back this.	Alan Welby	A
Set out long term North East Innovation Infrastructure needs	A new narrative and programme to develop our asset base has been undertaken during 2018. Plan to take to Innovation Board in January 2019.	The programme is incomplete or not based on evidence.	Alan Welby	G
Smart Specialisation – Focus on four key sectors				
Produce four Smart Specialisation strategies	To be reviewed during the SEP update to ensure appropriate actions are taken forward.	All strategies are not completed or do not bring together the right sector lead partners.	Alan Welby	A
Establish the Data for Growth project	The Data for Growth project has been completed with the findings incorporated into the Science and Innovation Audit process which will produce a shared action plan.	Lack of a clear lead partnership to deliver against Data for Growth delays progress.	Alan Welby	G
Establish a challenge approach for the Health Quest North East project	The Health Quest North East project requires an alternative funding approach due to an absence of appropriate funding routes to take the current approach forward. This is still supported by the outcomes of the County Durham pilot project which has highlighted the need to consider alternative funding approaches to achieve the aspiration.	Funding for the project is not secured.	Alan Welby	R

Business Growth Programme | Lead: Colin Bell

Goals

By 2024, our business growth programme will have made a significant impact on our employment and business density targets. We will do this by:

- Increasing the number of scaleup businesses in the North East LEP area by 50%, creating an 6,000 additional jobs
- Securing growth in inward investment averaging 4,000 new jobs each year

SEP Action	Progress/ current position	High level risks	Lead	Status
Scaleup North East: More high growth businesses will help us to secure economic resilience and increase private sector employment				
Scaleup North East Programme	211 businesses are on the programme, up from 147 at last report, working across the team of five Scaleup Partners. The Scaleup Summit takes place on 15 November to develop the North East scaleup community and following launch of the ScaleUp Report 2018. Some programme restructuring taking place to further refine delivery and improve impact. The independent evaluation ITQ is issued and developed with the What Works Centre and the Scale Up Institute.	Fulfilling demand. Maintaining high quality	Colin Bell	G
Growth Hub: High Potential	Successful procurement for research on high growth start-ups to inform programme development, due to report in January 2019.	Successful procurement	Colin Bell	G
Inspiring leaders: Encouraging and facilitating peer mentoring and introduction				
Growth through Mentoring	To date, 43 matches made with our pool of 41 mentors, with 8 matches made this year. A consultancy, independently procured, is undertaking a full interim evaluation of the programme's delivery and impact, reporting late December. Highly successful national launch of the 'Be the Business' mentoring programme took place on 30 October. We are matching mentees with 18 mentors from GSK, Siemens, KPMG, BAE Systems, John Lewis Partnership and Accenture.	Retaining high quality mentors and growing mentor numbers to match demand Attracting suitable mentees	Helen Lee	G
Access to finance: Ensure access to the finance required to grow and scale by developing new and existing partnerships that provide objective and impartial access and attracting investment funds from outside of the region				
The North East Fund	61 investments made (up from 20 at last report), total value £8.8m (up from £4.9m). 44% (value) and 56% (number) are Newcastle-based but there are now investments on every local authority area indicating uptake across the region. Engagement activity continues in order to raise awareness and drive demand for the five funds.	Failure to attract high quality investment bids	Michelle Rainbow	G
Rural Growth Network (LGF)	Programme value = £ 31.3m (including £6m LGF) 2015/16 to 2019/20. 32 projects are complete or in progress. A further call has opened, closing 19 November. Spend and impacts are as last reported: 69% of programme spend target; 42% of programme job creation target (28.5 jobs).	Delays in project completions not achieving required outputs	Dinah Jackson	A
RDPE (Rural Development Programme for England) (EAFRD)	Applications are still being processed by the RPA since the programme closed. Final pipeline is 122% of allocation. Current attrition rate is 31%, up slightly since last report (from 28%) As at 16 August, of the 159 EoIs received, 137 endorsed for full application and 30 projects contracted, up from 24 at last report.	Low levels of demand Process timescales	Dinah Jackson	G
Support business growth focused on areas of opportunity				
Work with sector groups	Supply Chain North East commenced delivery on 1 October 2018 and is integrating with sector deals. ERDF and LGF resources secured. NP11 supply chain work stream continuing.	Driving awareness and demand Managing partnership delivery of programme	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status
North East Growth Hub: A single access point for business information, advice and financial support				
An effective platform and events programme	We are recruiting for a third Growth Hub Connector to ensure full business access to 1-2-1 Growth Hub support. Content development through new toolkits . The platform continues to develop and interest is strong, currently interaction with the Growth Hub is 128% of annual target (2018/19), 12,803 against target of 10,000.	Fulfilling demand Growth Hub doesn't generate leads effectively	Helen Lee Jen Robson	G
Building our trade flows: Increase export activity				
Building trade flows	Government continues to progress with the new contracting arrangements for ERDF-funded export support. We are publishing a Growth Hub Export Toolkit with local Exporting is GREAT partners. North East Export Strategy to be developed.	Future DIT model does not meet the needs of the North East	Colin Bell	A
Strengthening flows of inward investment: Driving growth and employment				
Build the strength, profile and coherence of the North East's inward investment offer	<p>Figures for the first six months of 2018/19 show that the region attracted 30 new inward investment projects creating 720 new jobs. These projects were primarily in the advanced manufacturing/automotive and business services sectors. There are some significant projects expected to land in Q3 and Q4.</p> <p>Promotional videos across the five key sectors plus a generic North East England video have been produced and will be launch in December 2018. These showcase companies operating in the North East plus regional key selling messages to highlight the region as a desired investment location.</p> <p>Invest North East England continues to have a presence at key national and international events which complement the key sectors. Key events attended in Q1+2 were MIPIM UK; Wind Hamburg; Web Summit, Lisbon, Offshore Wind North East.</p> <p>NECA continues to deliver the DIT Key Account Management Programme through circa £153k of DIT Northern Powerhouse funding. NECA has sub contracted with six local authorities to deliver this programme for 2018/19. This is progressing very well.</p> <p>On-going concern that key competitors have access to financial incentives not available in the North East. Work with local authorities to test the viability of establishing a North East LEP grant scheme to help land 'game changing' investments.</p>	<p>Impact of Brexit on ability to attract new FDI.</p> <p>Absence of access to financial incentives impacts interest.</p> <p>The creation of the North of Tyne Combined Authority may confuse the inward investment landscape for investors or dilute the current regional model.</p>	Guy Currey	A
Develop strategic approaches to opportunities, working with key areas of specialism to strengthen region's supply chains	<p>Proactive lead generation work continues, primarily focused on companies based in London and South East England, with additional focus on opportunities in Ireland, in digital and as financial, professional and business services sectors.</p> <p>A new website Energy Gateway North East England was launched (July 2018) to highlight the region's Offshore Sector. This, along with other promotional materials, has been used in conjunction with a number of visits to the North East from companies interested in the offshore wind sector</p>		Guy Currey	G
Early response and managing change: Ensure a rapid response to economic shocks and other impacts				
Develop a collaborative approach to responding to negative economic and other impacts	<p>Growth Hub: The Growth Hub Connect service is providing direct recourse to deploy in response any economic shocks or changes. We are publishing new toolkits including Brexit and Business Resilience.</p> <p>Programmes: Supply Chain North East addresses potential business of Brexit.</p>	Poor coordination between partners Lack of information	Colin Bell	G

Skills Programme | Lead: Michelle Rainbow

Goals

Our vision for 2024:

- Providers and education establishments provide a mix of world class academic, technical and professional education, apprenticeships and higher level apprenticeships in all of the growing areas of our economy, ensuring that those entering the labour market have the right skills to thrive
- That skills supply underpins business growth and talent is retained in the region
- Every young person can identify routes into work, supported through experience and exposure to the world of work and inspiration. We want them to understand that life and work experiences, alongside career and formal qualifications, are incredibly valuable
- A reduction in inactivity levels in our 50+ workforce, as skills investment enables older workers to remain in work.

SEP Action	Progress/ current position	High level risks	Lead	Status
North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.				
Support secondary schools and colleges who wish to adopt the benchmarks	<p>The North East LEP is now engaged with over 160 secondary schools and all colleges in the region. 146 Career Leaders attended our latest North East Ambition: Regional Careers Leader Network Meeting (Sept 18).</p> <p>The North East LEP has secured a 'Careers Hub' for the region – we are part of 21 hubs nationally, led by LEPs. The North East Ambition Careers Hub was launched in October 2018. We have recruited a Hub Lead for our Schools Careers Hub and a Hub Lead for our Colleges Hub. Hub Schools and Colleges care currently auditing their starting point against the benchmarks and developing action plans. Each 'Hub' will be supported by Enterprise Coordinators to ensure progress and impact are maximised.</p> <p>As a Cornerstone Hub we have supported the development of a Guide for New Career Leaders and videos supporting the implementation of each benchmark, featuring career leaders from North East Schools and Colleges. These resources will 'go live' nationally in January 2019. In addition, we have delivered the training for the 20 other Career Hub Leaders across the country.</p> <p>We have been working closely with BBC Learning and advising on the development of BBC Bitesize a resource that is proven to improve education outcomes but underused in the NE. A new section of Bitesize has been created with a careers education focus. A BBC Careers Roadshow will take place in the North East in 2019.</p>	There is misalignment with the Careers & Enterprise Company (CEC), workings nationally, and the LEP, working locally.	Michelle Rainbow	G
Ensure all secondary schools have access to Enterprise Advisers	117 Enterprise Advisers (ESs) have been recruited from a broad range of both large employers and SMEs. 55 EA's are male and 62 are female, giving us a good gender balance. 136 schools and colleges and reported upon via the Careers and Enterprise Company EAN register. 118 of these schools and colleges have now completed and returned their audit documentation and 97 of these schools are now matched with an Enterprise Adviser. If approved by the ESF Managing Authority, ESF funding will enable the North East Ambition project to scale up activities of the EA network and increase the number of the Enterprise Coordinators within the team to give capacity to support each and every school and college in our region and ensure that SMEs have the support to be involved in the EAN.	<p>Changes in government and policy may mean a change to the funded element of the programme.</p> <p>Securing ESF to enable the scaling up of activity and provision.</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Develop and deliver the Pupil Mentoring programme	RTC North and Young Enterprise delivery has been going well. Feedback and take up from schools has been positive. The North East LEP participated in the end of year evaluation of these programmes as part of the CEC national evaluation. Further provision has been funded through 'CEC Virtual Wallets' which will be available to approx. 70 schools and colleges in our region from December 2018.	Initial projects are funded to Sept 18, but successful projects will be funded to 2020.	Michelle Rainbow	G
Develop and roll out a pilot Primary Schools Benchmark programme	The North East LEP has secured a commitment for co-funding from the EY Foundation to deliver a primary benchmark pilot. We will work with 10% of primary schools in our region (70 schools) and have liaised with all 7 Local Authorities to ensure messages about the pilot and opportunities to participate reach each primary school. Registrations of interest are currently open. We expect school selection to take place in December with the pilot launching with schools in January 2019. The Department for Education are supportive of our work and are interested in the outcomes of the pilot, as are the CEC who will in due course start to consider how career guidance is delivered nationally in a primary setting.	Funding is not secured or is withdrawn	Michelle Rainbow	G

Excelling in technical and professional education - Working with providers, education establishments and businesses to develop the capacity and facilities to provide world-class academic, technical and professional education.

Promote higher skills	<p>In the North East, there are a small number of organisations will be the first providers of T-levels. The LEP is working with other LEPs and the ESFA to start to develop trial placements for T-level students with regional employers.</p> <p>The LEP continues to work with partners in relation to Institutes of Technology (IoT) in the second phase of the application process.</p>	<p>Government amend policy on T-levels.</p> <p>Government do not award an IoT in the NE area</p>	Michelle Rainbow	G
Encourage more and higher level apprenticeships with a key sector focus	<p>The Apprenticeship Growth Partnership (AGP) meetings continue and the continuing focus of the AGP is:</p> <ul style="list-style-type: none"> To assess the impact of changes to the delivery of apprenticeships on employers To promote Higher and Degree level apprenticeships with employers To promote the benefits of apprenticeships to employers <p>The North East LEP is supporting national campaigns to raise awareness and promote apprenticeships to employers, young people, schools and parents. We have supported the ASK (Apprenticeships, Skills, Knowledge) Programme and the contracted provider of this service in the North East has had their contract extended into this academic year and we will continue to support their work within schools. We also have North East LEP representation who sits on the Apprenticeship Ambassador Network (AAN) which is a group of employers whose main aim is to spearhead the drive to engage new employers to commit to apprenticeship delivery. The AANs action plan is aligned with our key objective within the SEP. We have continued our campaign with the objective of driving scheme referrals and general understanding around apprenticeships to our Growth Hub. A priority for the North East LEP remains to monitor the KPIs regarding uptake of apprenticeships.</p> <p>Preliminary analysis of the Quarter 2 for 2017/18 data shows a further drop on apprentice starts. The total number of apprenticeships delivered in the North East dropped as compared to Q2 2016/17. The figures show the largest drop in apprenticeships was at intermediate level, both in magnitude and as a percentage. Advanced level (level3) apprenticeships also decreased. However, higher level apprenticeships (level 4 and above) showed a small increase on Q2 2016/17.</p>	<p>Apprenticeship reforms are creating some uncertainty and therefore nationally apprenticeships starts appear to be lower than the previous year. Preliminary analysis demonstrates that this trend holds in the North East.</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Higher Education - Working in partnership with our four universities, colleges and employers to support economic growth and to ensure we have job ready graduates with the skills needed and high quality opportunities for them.				
Support universities spin-outs and start ups	The North East universities have developed two ERDF funding projects to drive increased spin-out activity. The Northern Accelerator project has now launched with Durham and Newcastle universities aiming to create 15 dynamic, high tech spin-out companies in the next three years. The Arrow project is being led by Newcastle University and has applied for ERDF funding to translate research into commercial focused projects through the Innovation Catalyst alongside the Accelerator project.	The outputs are not achieved	Michelle Rainbow	G
Support universities to retain graduate talent in the North East	We continue to work with the four universities in the region on graduate retention. A meeting was held with the Office for Students (OfS), where the work of the North East LEP and the North East Collaborative Outreach Programme (NECOP) was identified as the example of good practice nationally. We attended an OfS national working group to extend this work in October. We have identified further good practice at a university outside of the region and are in discussions with both Oxford and Cambridge Universities about their careers programmes. We are working closely to share this with North East universities and will finalise details of a pilot with Universities UK (UUK).	The Universities do not support graduate retention in the NE		
Support universities to develop knowledge transfer partnerships (KTPs)	We continue to work with the Business Growth and Innovation Programmes to understand how the universities and their R&D can support economic growth and benefit businesses and wider communities in the North East.	The Universities do not support KTPs	Michelle Rainbow	G
Education Challenge - reduce the gap between our best and lowest performing schools and to target all schools in the North East achieve 'good' or 'outstanding' OFSTED rating.				
Develop and deliver an Education Challenge programme	<p>Opportunity North East: We are delighted with the announcement from the DfE in October 2018 to launch Opportunity North East, across the wider region including Tees Valley and pledge £24m to boost social mobility and raise aspirations for children. Opportunity North East will aim to tackle these issues by:</p> <ul style="list-style-type: none"> Investing £12 million in targeted approaches to improve the transition from primary to secondary school, drive up standards – particularly at secondary level – and improve outcomes for pupils post 16; Working with secondary schools and colleges to encourage young people to consider university, degree apprenticeships and other high quality technical education options; Partnering with local businesses to improve job prospects for young people across the region; and Investing a further £12 million to boost early career training for new teachers and help improve the quality of teaching and raise standards in the region's schools, ahead of roll-out in other regions. <p>Governance: We continue with our communications campaign to raise the profile and showcase case studies of good practice in school governance through the Academy Ambassadors programme which aims to recruit business leaders to join the boards of Academies. We've had the opportunity to communicate these messages at a number of well-attended events to encourage businesses and employers to view this as an opportunity for leadership CPD; this has been understood and well-received. Two members of the skills team have recently joined governing bodies to support North East schools and better understand the challenges and opportunities.</p>	Inability to secure funding or influence spend to roll out further	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Develop and deliver an Education Challenge programme (cont.)</p>	<p>Teacher retention continues to be a key focus. As part of our graduate retention campaign we have produced and continue to promote teacher specific case studies via the Schools North East's Recruitment Portal. We continue to build relationships with teacher training providers and Teach First and have been asked to deliver workshops to new trainees in relation to the Careers Strategy and Gatsby Benchmarks.</p> <p>Placement opportunities for teachers and lecturers: The 2016/17 pilot providing STEM placement for teachers was evaluated it by University of Derby and the evaluation report was released in October 2018. The success of the 17/18 pilot resulted in a larger pilot being developed to deliver STEM placements at scale as part of North East Ambition.</p> <p>Next Generation Learning UK: The Steering Group, facilitated by the North East LEP and chaired by Edge Foundation continues to work strategically to shape the implementation of elements of the Ford Next Generation Learning model. In November 2018 Ford NGL led the next steps master-planning workshop at the pilot schools. A range of stakeholders were involved with action planning to embed the key elements or ingredients in school culture.</p> <p>Over 600 students across the schools have had meaningful engagement with employers and external organisations through curriculum driven projects and activities since September 2018. These have covered KS3 and KS4 and a range of subject areas from PSHE to science and technology and have gained a significant amount of media coverage.</p> <p>We continue to work with FutureMe (NECOP) and will co-deliver the pilot Higher Education Parent Safari with over 25 Year 9 students and their parents from Excelsior Academy. The aim of this event is not only to offer advice and guidance in relation to HE, but also for students to experience the progression into the world of work in a related local industry.</p> <p>Our Regional Lead is now engaged with further schools and is currently supporting the development of a curriculum driven project related to the Energy Sector that is leading to new employer partnerships with the school. We are also working with other supporting organisations to promote further careers in the curriculum development.</p>			G
<p>50+ Workforce – retrain, regain, retain: To reduce inactivity levels in our older population by helping to develop their skills and make in-work transitions as the labour market changes.</p>				
<p>Develop a Fuller Working Lives (FWL) strategy</p>	<p>We have considered the FWL report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East which should feed into the Local Industrial Strategy.</p>	<p>The Strategy does not meet the opportunities and address the challenges in the NE</p>	<p>Michelle Rainbow</p>	G
<p>Understand and provide focus on work force skills for the older workforce to maintain their position within the labour market as skills' needs change.</p>	<p>Events ran until September 2018. Virgin Money, focusing on financial and professional services was the first event. A similar Digital / Tech sector event ran in mid-May & Advanced Manufacturing in June. Feedback to date has been extremely positive.</p> <p>The LEP highlighted the FWL strategy at sector events including CBI Diversity Conference, BIONow, NOF, Tech Talent Charter and People Power. The FWL toolkit is now live via the North East Growth Hub. The toolkit features local employers demonstrating best practice; calls to action and employer support services.</p> <p>The DWP central policy team for FWL continues to attend our Task & Finish Group and is supportive of our strategy. The DWP produces a monthly bulletin to national stakeholders and highlighted the North East LEP's approach as best practice.</p>	<p>The uptake through the Growth Hub is not maximised.</p>	<p>Michelle Rainbow</p>	G

Employability and Inclusion Programme | Lead: Michelle Rainbow

Goals

Strengthening our employment rate is key to our economic resilience. Ensuring local people are prepared and fit for work and have access to good quality employment opportunities will improve their lives and ensure that businesses can recruit and retain the people they need in a changing labour market

SEP Action	Progress/ current position	High level risks	Lead	Status
Fit and well for work - support people with health conditions to find and maintain employment				
<p>Support primary care professionals in helping people access support to get them back into work</p>	<p>The DWP 'Opt-In' programme for the North East is utilising £6m European Social Fund (ESF) to test a local approach to support 2,500 long term unemployed residents with health conditions to find work over 2017-19. The programme is delivered by Working Links.</p> <p>Performance data from January 2017 to end of October 2018 shows:</p> <ul style="list-style-type: none"> 2,190 people referred to the programme. This breaks down to 1,528 in the more developed area (Northumberland, Tyne and Wear) and 622 in the transitional area (County Durham). 624 first job starts (including those with more than one job start) and 764 jobs in total, 77% in the more developed region and 23% in County Durham. Around two-thirds of participants are long-term unemployed, the majority for five years or more. 76% are residents of 'jobless households', where no-one works. Almost one-third are aged 50 and over. <p>As previously reported DWP is assessing potential for a two year programme extension and has consulted the ESIF committee on whether it would support extension, noting that no other provision would be procured or resource available in the event that extension is not granted.</p> <p>Extension is contingent on 85% performance, measured on the period April to September 2018. However, at the end of the assessment period the more developed region achieved 86% but the transitional region only achieved 40%. The contracts for each category of region will be combined; this only showed a 72% performance at end of September. The ESIF committee has reviewed this and written to DWP with concerns. No response has been received from DWP to date.</p> <p>Working Links has undertaken actions to improve performance including revised allocations to give higher performing supply chain partners a greater share of the contract. This has achieved increases in both referrals and job outcome performance. Increased marketing across all JobCentre Plus (JCP) offices and external referral partner organisations and a successful digital marketing campaign have increased referrals.</p>	<p>Partners do not embrace and take the recommendations forward</p> <p>A contract variation widening the eligibility criteria changes the strategic focus of the programme.</p> <p>The contract is not extended</p>	<p>7 LA Chief Executives</p> <p>Michelle Rainbow</p>	A
<p>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.</p>	<p>The Mental Health Trailblazer is piloting integration of employment and mental health services through intensive support to help unemployed residents to find work and sustain recovery. The programme runs until December 2019.</p> <p>Performance against ESF targets is strong data from January 2017 to the end of October 2018 show:</p> <ul style="list-style-type: none"> 117 job outcomes have been achieved. 54% of participants are male, 46% female. One fifth of participants are aged 50 or over and 13% are aged 18-24. 	<p>Delay from DWP in trial launch, below profile referrals from Jobcentres and ESF eligibility requirements continue to impact performance.</p>	<p>Northumberland County Council</p>	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work (cont.)</p>	<ul style="list-style-type: none"> • One third were unemployed for two years or more. • Since migration of benefits to Universal Credit (UC), almost half (43%) of participants are UC claimants. 37% are Jobseekers Allowance claimants, and the remaining 20% claim Employment Support Allowance or Income Support. <p>Progress/ current position</p> <ul style="list-style-type: none"> • Consistent performance in recent quarters, positioning the project to achieve beyond profiles if referral rates are sustained. Jobcentre referrals are still strong at around 200 per month. • 262 outputs (project participants) were achieved in quarter 3 (July to September 2018), the best performing quarter to date and outstripping the Q2 by 59 new participations. • The rising number of UC claimants demonstrates that as more claimants move to UC, there remains a large demand for the services the project delivers. <p>The programme included a random control trial element, which ended on 31st October 2018. The RTC element produced a good sample size which will give robust evaluation findings. Outcomes from this group will continue to be tracked until March 2019. The evaluation will provide evidence of activities that are effective in supporting more people with mental health conditions into the mainstream labour market. Findings will be used to improve future commissioning and improve levels of employment and health service integration.</p>			G
<p>Monitor and evaluate the impact of the Work and Health Programme in the North East</p>	<p>Reed in Partnership has been awarded the contract for the Work and Health Programme (WHP) across the North East. The contract area covers 31 Local Authorities and 8 LEP areas; from Northumberland to Derbyshire. The aim of the Programme is to help people with a disability or health condition (80% of starts), the long term unemployed (11% of starts) and early disadvantaged groups (9% of starts) find and sustain work. Referrals will come through JCP and participants can access WHP support for up to 15 months, with an additional 6 months of support once participants are in work. A total of 55,542 people will be supported across the North East contract area but the actual target for the North East LEP area is still to be established.</p> <p>A number of delivery organisations across the North East LEP area: Northumberland (Northumberland County Council), Newcastle Gateshead, Sunderland and North Tyneside (Ingeus), South Tyneside (Northern Rights), Durham (Durham Council).</p> <p>Reed presented to the Employment and Skills Board in early 2018. An update on performance, referral mechanisms, and programme design is currently being sought following feedback from delivery partners</p>	<p>Mis-alignment with ESF existing and new provision; such as the DWP opt-in and Mental health Trailblazer (see above)</p> <p>Referral numbers are insufficient</p>	Michelle Rainbow	A
<p>Work with employers to improve take up of the Better Health at Work Award Scheme (BHAWA).</p>	<p>The Programme Leader for BHAWA, based at the TUC is part of the Fuller Working Lives Task & Finish Group and delivered a seminar about BHAWA and provided information as to how employers can access it.</p> <p>The LEP are promoting the Award and have undertaken an assessment of their own BHAWA led by two members of the LEP team. An implementation plan is now in place with 3 themes chosen following a survey and consultation with staff.</p>	Scheme awareness in the NE is low	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Continue to address the importance of in work progression and job equality	<p>A number of ESF calls, which focus on up-skilling and re-skilling those in work to aid job progression, closed late last year. The calls of relevance were :</p> <ul style="list-style-type: none"> Digital Skills – £20m ESF call Health & Social Care Skills - £5m ESF call North East Ambition - £3m framework call + £3m skills development ESF call <p>A number of projects submitted full businesses cases and will be assessed by DWP Managing Authority before being considered by ESIF committees.</p>	<p>Projects are not submitted or selected that deliver the intended outcomes.</p> <p>Delays in the appraisal and contracting process cause delivery issues.</p>	Michelle Rainbow	A
Youth Employment - develop pathways for the most vulnerable and disadvantaged young people to help them move into education, training and employment				
Create and scale up initiatives that adopt innovative and agile approaches to meeting local needs	<p>Generation NE has been operational since July 2014 and the programme has supported over 4600 young people, delivering around 2050 job outcomes to date; 1200 of those gaining employment have now sustained employment for 6 months or more.</p> <p>An ESF call for projects to support young people into employment and training was closed in autumn last year. A full application was submitted to the ESF managing authority by Newcastle City Council on 9th March 2018 which included a proposal to extend the Generation NE project. We await the outcome of the appraisal process which is has now taken over 12 months. The Generation NE ESF project has chosen to begin delivering support 'at risk' from April 1st 2018, pending the outcome of the application for ESF funds and to date has over 250 young people registered on the new programme. From January 2019, The Princes Trust will be joining the Generation NE project as a delivery partner.</p> <p>Generation NE continues to develop its fully digital support offer for young people who are unemployed, underemployed or in precarious employment, with over 600 young people being supported entirely online. An evaluation of this service will begin in November.</p>	<p>Projects do not adequately align services to ensure there is adequate coverage across the whole of the North East LEP area geography</p> <p>ESF funding is not secured for delivery projects</p>	Michelle Rainbow	G
Deliver the Durham Works project	<p>Generation NE funds have also provided match funding for Durham Works (YEI) enabling support for a significant number of young people in Durham.</p> <p>The project has exceeded all original targets and continues to perform well.</p>		Durham County Council	G
Ensure young people have the access to support and skills required to progress employment.	<p>Newcastle College Group secured funding from ESFA / ESF for this project. The project commenced delivery in late 2016 and ran to July 2018 with the aim of supporting 1300 young people who are NEET or at risk of becoming NEET. 1011 young people were supported through this contract against a profile of 1182 and the contract is looking to extend delivery up to March 2019.</p>	<p>Collaboration across service providers is voluntary; making it challenging to collaborate and cross-refer clients to more appropriate services.</p>	Michelle Rainbow	G
50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work				
Develop and implement a 50+ workforce strategy in partnership with key stakeholders.	<p>Development of project in initial stages. As described in the Skills section of this report, the challenge is Retain, Regain and Retrain. The first stage, Retain, will involve working with employers to 'retain' their existing older workforce. Regain – a pilot commenced in Autumn 2017</p> <p>LEP and partners are also looking at promoting case studies of 50+ apprenticeships to promote this as an alternative way to 'retrain' and 'regain' core skills needed by businesses today.</p>	<p>The strategy does not meet the needs of the workforce or economy</p>	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Active inclusion – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.				
Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.	<p>Gateshead Council has been awarded ESF / ESFA funding £2million to support third sector organisations who will work with 1894 unemployed learners. This project is performing extremely well and has been well received by the voluntary and community sector, with 1199 unemployed learners supported to date. The project has a reserve list of applicants waiting for more funds to be released through the contract extension.</p> <p>A further £19 million worth of contracts have been issued by Big Lottery's Building Better Opportunities (BBO) programme to support those furthest away from the labour market. This will support 4500 individuals on pathways to employment.</p>	Securing additional ESF/Big Lottery funding currently being considered at a national level. No date has been given for a decision as yet.	Michelle Rainbow	A
Provide targeted support to those with protected characteristics.	An ESF call was launched in 2017, with a focus on supporting those with protected characteristics who are furthest away from the labour market.	Projects are not supported and delays to starts impact on customers.	Michelle Rainbow	A
Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.	<p>Over £70m of ESF projects are currently live, with many more coming on stream later this year. ESF projects have a strong focus on supporting disadvantaged groups and we expect to see some important results from these projects to help address long term imbalances in future. These projects in themselves will not solve the problem; however good practice can be captured and lessons can be learned to ensure future provision via the UK Prosperity Fund is structured appropriately.</p> <p>There is still a substantial amount of the allocation of European Social Fund not under contract, with a relatively small time to deliver compliant and impactful Interventions. The ESIF committee, the ESF working group and LEP are working together with the Managing Authority, DWP to look at ways delivery of programmes can be maximised</p>	<p>Maximum impact from the allocation and contracting.</p> <p>ESF notional allocation is not secured in the North East.</p>	Michelle Rainbow	A
Adopt a community-led local development (CLLD) approach within our communities suffering from significant deprivation.	All CLLD projects have been approved and are now in delivery. A number of projects will be invited to present at future Employment and Skills Board meetings.	Projects do not delivery requisite outputs	7 Local Authorities' Chief Executives	G

Economic Assets and Infrastructure Programme | Lead: Helen Golightly

Goal

We must supply the right land and develop our critical infrastructure and sites to support the growth of our industrial strengths and clusters, accommodate the changing structure of the economy, foster innovation and deliver the housing required for our changing population.

SEP Action	Progress/ current position	High level risks	Lead	Status
Develop Local Plans which support North East economic ambitions				
Develop 7 local authority statutory Local Plans	<p>Local Authorities are progressing through the stages of their Local Plan preparation. Local authorities have a duty to cooperate and the seven local authorities have all signed an MOU to cooperate.</p> <p>Local Plans adopted to date:</p> <ul style="list-style-type: none"> Newcastle and Gateshead joint core strategy adopted North Tyneside local plan adopted July 2017 <p>Local Plans in development are:</p> <ul style="list-style-type: none"> Durham Sunderland South Tyneside Northumberland County Council <p>3/7 Local Authorities have an approved plan. The LEP's ambition is that each Local Plan will consider the SEP in its development. The LEP has contacted each LA without an approved Local Plan to provide a timeline for its adoption and confirmation that it encapsulates the ambitions set out in the SEP.</p>	Local Plans are not adopted in the short term resulting in elements of the SEP delivery being stalled.	7 LA Chief Executives	A
Securing investment – to deliver strategic employment and housing sites				
Develop a robust pipeline of sites for business development and housing investment	The LEP holds a list of projects and are reviewing the strategic contribution of each to inform the development of a Regional Investment Pipeline, which will in turn inform the updated SEP during 2018 and the early development of a North East Local Industrial Strategy.	Insufficient capacity to progress	Helen Golightly/ LA7 Economic Directors	A
Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites	<ul style="list-style-type: none"> EZ Financial model has been updated (March 2018) EZ overarching legal agreement signed by all 7 local authorities (May 2018) Investment business cases being developed and appraised (on-going) Economic Directors provide the challenge forum for the rate of progress (on-going) 	EZ Business Rate Income is not received at the expected level.	Helen Golightly	G
Collaborative development of spatial planning framework for the North East, supporting the SEP				
Publish a North East Development Framework	Further work should continue through the LA7 Housing and Planning group to update the relevant Duty to Cooperate documents. This has been stalled by the devolution discussions and regional governance changes.	The LA7 group is ineffective and progress is not made	7 LA Chief Executives	A
Explore a collaborative approach to strategic mitigation to deliver the mitigation hierarchy set out the National Planning Policy Framework	The LA7 Housing and Planning group are assessing a collaborative approach. This has been stalled by the devolution discussions and regional governance changes.	The LA7 group is ineffective and progress is not made	7 LA Chief Executives	A

Transport and Connectivity Programme | Lead: Philip Meikle

SEP Action	Progress/ current position	High level risks	Lead	Status
North East Transport Delivery				
Deliver transport LGF schemes	Schemes at various stages of delivery, risks are being actively managed and progress is being monitored. Delivery is being actively managed with promoters. Six schemes are now complete and a number are approaching completion. Completed schemes are required to fulfil ongoing monitoring requirements.	Projects slip outside LGF funding window. Projects do not deliver the specified outputs and outcomes. Projects are no longer deliverable.	Philip Meikle	A
Continue to roll out flexible public transport ticketing	There are two major ticketing initiatives 1. Nexus are a lead partner in the development of Host Card Emulation, a trial that replicates an ITSO Smart (Pop) card onto a mobile phone. Nexus have commissioned an app to integrate ITSO tickets which is currently undergoing its final live test with good results. A range of products to be rolled out across the financial year. 2. TfN are progressing their contactless card solution which would allow customers to touch in and out on all public transport using a contactless bank card. Agreement on final specification is being sought amongst all operators with a 2020 potential launch.	TfN does not progress specification for ABT Back Office Beta test does not progress satisfactorily	Tobyn Hughes	G
Continue joint management working of our transport system	Following public consultation on the Strategic Transport Plan (STP), officers have been working with TfN to redraft sections of the plan to address comments. TfN intend to adopt the plan in February. Officers are briefing members on the amendments to the plan ahead of the February board. In rail we continue to prioritise the need to promote the future of the East Coast Mainline, especially future investment in the York – Newcastle section for Northern Powerhouse Rail and HS2 services after 2033. We also continue to support the case for Transpennine Route Upgrade and the creation of a shared narrative with Network Rail to agree joint work programmes and governance to help to meet a joint vision for rail in the North East.	TFN plan not adopted	Philip Meikle	G
Develop and expand the Urban Traffic Management and Control Centre (UTMC)	UTMC NPIF bid received funding. The back office technical refresh of the UTMC common database is now largely complete with final enhancement being delivered in October 2018. The detailed technical specification for the traffic signals hosted back office solution is currently being drafted, with procurement taking place October-December 18. Variable Messaging System (VMS) site selection (14 new sites) is being undertaken, procurement planned for early 2018. Initial orders for Automatic Number Plate Recognition (ANPR) and Close Circuit Television (CCTV) assets have been placed.	Project does not deliver outputs	UTMC team	G
Identify and begin to deliver strategic schemes to enhance connectivity	Heads of Transport developed a strategic project pipeline and project sponsors are developing projects as appropriate. We are one of 12 city regions shortlisted to bid for funding from Transforming Cities Fund. We are currently developing a package of potential schemes.	Funding is not secured. Schemes are not deliverable within the funding period. Schemes do not meet the funding criteria.	Philip Meikle with local authority Heads of Transport	G
Identify and begin to deliver pinch point solutions	Work continues on delivering schemes funded via the Highways Maintenance Challenge Fund and National Productivity Investment Fund. An increased amount of funding (£430m) has been announced by DfT for potholes, as well as for structural and junction schemes, which will be provided direct to local authorities following a self-assessment questionnaire. We await details on the next round of Highway Maintenance Challenge fund.	Funding is not secured	Philip Meikle with local authority Heads of Transport	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Identify and begin to deliver a long term project pipeline	Working with scheme promoters to develop a pipeline of projects. Approach to be discussed with Heads of Transport, Economic Directors and the LEP. Meetings held with all LAs and comprehensive Transport Pipeline produced. Schemes have not undergone a sift.	A prioritised list is not agreed	Philip Meikle	G
Transport Innovation				
Commission the Go Ultra Low Cities Programme	Both the Electric Vehicle (EV) Filling Stations at Sunderland and at Newcastle Helix as well as the EV rapid hubs across the region have received planning permission and preparatory work is now underway to progress to the construction phase. The construction phase for all infrastructure is anticipated to commence early in 2019.	Delays in construction due to weather conditions and installation of the electrical connections are the main risks of the project.	Philip Meikle	G
Regional Transport Planning				
Develop and agree a North East Transport Plan	The development of a Regional Transport Plan and associated sub-documents continues with an early draft circulated amongst the Heads of Transport.	Change in Regional Transport Governance may affect delivery timescales.	Philip Meikle	A
Strengthen the alignment between the transport plan and the planning process	A workshop between town planners and transport planners is contemplated to support the transforming cities process. There is an opportunity to develop the NE Planning Framework following discussion at Economic Directors and to develop a region wide resource working with statutory consultees.	Change in Regional Transport Governance may affect delivery timescales.	Philip Meikle	G
Explore opportunities presented to us in new legislation	Nexus sits on a DfT programme board to steer the provision in the 2017 Bus Services Act 2017 for open data in relation to bus services.		Tobyn Hughes	G
Develop transport investment programme	Considering submitting an EOI to the Sustainable Urban Development Fund call in January 2019. Match funding being sought. Application for funding from the Transforming Cities Fund is being progressed and potential schemes are being identified. Other sources of investment will be sought.	Match funding is not identified. SUD EOI is not granted approval to progress to application stage.	Philip Meikle	A
Identify opportunities for improved freight infrastructure	The North East Freight Partnership continues and a work programme for 2019/20 will be agreed early 2019. Meetings offer the opportunity for freight operators and shippers to discuss their infrastructure needs. The associated Rail Partner Group engages with developers working on potential rail-served freight sites. In association with TfN, studies are planned to assess the need for more lorry parking provision.		Philip Meikle	G
Improve transport proposals to employment sites (by 2020)	Work continues with South Tyneside, Sunderland and Gateshead to scope transport links to IAMP. The Transforming Cities Fund application will aim to improve connectivity into employment sites.	Transforming cities submission is not successful	Philip Meikle with Heads of Transport	G
Implement an enhanced public transport offer (by 2020)	A programme of initiatives continue across the system such as South Shields Transport Interchange and the Host Card Emulation ticketing project. Design options on Sunderland station are developed for consideration with funding options still being examined.		Tobyn Hughes	G

SEP Action	Progress/ current position	High level risks	Lead	Status
National and international connectivity				
Enhance east-west road and rail connectivity	<p>The interventions from TfN's East-West Corridor Study, Connecting the Energy Coasts have been modelled using TfN's suite of models and a combined Strategic Outline Programme and Case is being developed (SPOC). This will inform TfN's investment Programme.</p> <p>Work is progressing on the Northern Powerhouse Rail project including corridor option development for the Leeds to North East corridor (including significant upgrades to the ECML). Also aligned to the East Coast Route study. Strategic Outline business case for NPR due by Dec 18</p>	The needs of the North East are not adequately considered as part of the study	Philip Meikle	G
Develop an initiative to support air, sea and rail transport hubs	<p>Consultation responses by the RTT continue to be issued on time. Work is now underway around the detail of the Major Road Network as well as with DfT on the Future of Mobility Strategy. We are working closely with bodies such as Transport for the North, the National Infrastructure Commission, and Transport for New Homes and the Urban Transport Group on collective common issues.</p> <p>The North East is now the secretariat to the East Coast Mainline Authorities (ECMA) Consortium and also supports the All Party Parliamentary Group (APPG) on the East Coast Mainline, chaired by Catherine McKinnell, MP for Newcastle upon Tyne North.</p>	A coordinated strategy for unlocking growth opportunities for high speed rail in the North East is not adopted	Philip Meikle	G
Make our region HS2 ready	<p>It was agreed previously at TNEC that continued support be given to the aims of the High Speed 2 project and maximum benefit be sought for all areas of the North East from this significant national investment.</p> <p>We continue to lobby to promote the need from the East Coast Mainline to be ready for HS2 traffic between Newcastle and York in 2033.</p>	No committed funding for East Coast Mainline enhancement	Philip Meikle	G
Digital connectivity				
Map and influence superfast broad band coverage	The North East Digital Leaders Group which brings together the 7 LA Digital Leads and the LEP has developed a comprehensive mapping of superfast broadband coverage.	100% coverage is not achieved due to cost	Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
Develop and begin delivery of 5G test-bed	The 5G team is developing a 5G proposal for the region.	Insufficient resources and private sector appetite to deliver.	Alan Welby and 5G team	A
Explore the potential to develop fibre-optic connectivity to Europe	<p>Private sector led consortium of Aqua Comms and Stellium Datacenters plan to build North Sea Connect - a high capacity system connecting the North East to Denmark, with branching potential to Germany and the Netherlands.</p> <p>It will provide the first modern high capacity system crossing the North Sea from the region to mainland Europe, providing unique routing and UK diversity. It will provide with a unique link between the US, Ireland and northern Europe avoiding London.</p> <p>The plan awaits investment and customer demand, but permissions are in place.</p>	Market demand	TBC	G

Strategy, Policy and Analysis | Lead: Richard Baker

Goals:

To ensure that the SEP remains updated and drives priorities for the North East economy, that key policy influencing actions are undertaken and that the North East LEP places up to date economic analysis, evaluation and evidence development at the heart of its work, and is looked to as a focus for innovative, collaborative and policy oriented evidence development

SEP Action	Progress/ current position	High level risks	Lead	Status
Strategy and development				
Update of the North East Strategic Economic Plan	<p>The Steering Group continues to meet. This group will also will also input into the development of the North East Local Industrial Strategy (LIS).</p> <p>Conversations with North East LEP Sub-Boards, the LA7 Chief Executives and Economic Directors and key stakeholders have taken place. The LIS Strategic Steering Group was held on 13 November 2018 for the first time.</p> <p>The draft SEP will be discussed at the 29 November Board meeting and will be launched in February 2014.</p>	<ul style="list-style-type: none"> Data availability Changing UK policy framework towards SEPs Co-ordination as regional structures change 	Richard Baker	G
Development and delivery of strategies for SEP areas of opportunity	<p>Strategies are being developed for each of the 4 areas of opportunity set out in the SEP - Digital; Advanced Manufacturing; Life Sciences Innovation; Energy.</p> <p>Work to develop the North East Energy Strategy has continued around the two main work streams of offshore energy and regional energy projects. A regional energy workshop was held in October with around 30 cross-sector partners, to identify and prioritise strategic opportunities. The LEP's Offshore Energy and Subsea Technology group is also helping guide the regional agenda, and prioritisation of activity, with a current focus on the offshore wind sector deal.</p> <p>A group of Digital leaders has been working with the LEP Executive Team on priorities for our digitalisation strategy. The Digital Lead post has been recruited, and employment will commence in December 2018.</p> <p>A strategy is in place for Health and Life Sciences led by the Health and Life Sciences Steering Group. Funding is now in place for the Lead post.</p> <p>A number of pieces of research activity have been undertaken jointly by the North East LEP and partners looking at key issues and opportunities for both automotive and pharmaceuticals manufacturing providing the basis for development of regional strategy.</p>	<ul style="list-style-type: none"> Internal capacity – need to identify resources for lead officers Data availability Management of relationships 	Richard Baker	A
Delivery of comprehensive SEP communications programme	<p>The current focus of communications is in relation to the SEP is the update process. A full communications plan will be developed around the publication of the Progress Review and the updated SEP. The launch event is planned for 14 February 2019.</p>	<ul style="list-style-type: none"> Dependency on progress with the Review process 	Richard Baker	G
Delivery of year 1 of interim SEP evaluation	<p>Steer Davies Gleave (SDG) has supported the team to develop logic chains and has completed its data mapping and analysis of each SEP programme of delivery. Stakeholder consultations also commenced in October 2018. These elements will feed into the baseline report which will be submitted at the end of November 2018. The first annual report will be submitted in January 2019.</p>	<ul style="list-style-type: none"> Complexity given project nature and multiple monitoring arrangements Timetabling 	Richard Baker	G
Economic Evidence and Analysis				
Produce and promote annual 'Our Economy' report	<p>The 'Our Economy 2019' report will be published in April 2019.</p> <p>A topic under consideration as the focus of Section 2 in the 2019 report is 'competitiveness and place'.</p>	<ul style="list-style-type: none"> Internal capacity Data availability 	Richard Baker	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Expand the content, functionality and promotion of the Data Hub	<p>Our web developers Daykin and Storey have delivered a number of improvements to the Data Hub functionality as part of our ongoing programme of development. A marketing campaign for the Data Hub will be launched in January.</p> <p>The team has played a key role supporting the North East data jam exploring opportunities to develop new data tools.</p> <p>An Economic Analyst will join the team in January 2019 to add additional capacity to this work.</p>	<ul style="list-style-type: none"> Data availability Resources Management of relationships with partners 	Richard Baker	G
Support the role of the North East LEP as a regional economic commentator	The North East LEP continues to comment on key economic data linked to the delivery of the Strategic Economic Plan.	<ul style="list-style-type: none"> Internal capacity 	Richard Baker	G
Agree research and evidence development plan to improve the evidence available to core SEP programmes and to strengthen the shared use of economic evidence in the region	<p>The LEP-led North East Evidence Forum has been established a year. The Forum will continue to deliver its forward work programme, with members actively sharing current economic evidence and research at meetings. The Evidence Forum will provide a 'critical friend' function for the North East Productivity Review.</p> <p>The Strategy and Policy team has established an internal programme of research and evaluation activities across the six programmes of delivery.</p>	<ul style="list-style-type: none"> Management of partner relationships Developing resources to support projects 	Richard Baker	G
Informing economic policy nationally and regionally				
Manage key North East LEP policy contacts in Government and strengthen influencing position	The North East LEP introduced a new CRM system in August which will support better understanding and management of relationships with Government and stakeholders.		Richard Baker	G
Co-ordination of the regional response to Brexit	The North East Brexit Group continues to meet on a monthly basis. The group held a separate meeting to develop a stronger plan for 'No Deal' Brexit and 'softer' Brexit scenarios. The group has now developed a work programme including evidence gathering activities, proposition development and business messaging. The group has also supported the development of the Brexit Toolkit which is now live on the North East Growth Hub.	<ul style="list-style-type: none"> Management of partner relationships Political sensitivity 	Richard Baker	G
Devolution to the North East	The North of Tyne Combined Authority formally came into being in early November. Work will continue to support the implementation of the North of Tyne devolution deal, ensuring strong alignment between North of Tyne and South of Tyne activity with SEP programmes.	<ul style="list-style-type: none"> Internal capacity Management of partner relationships 	Richard Baker	G
Development of new policy proposals	<p>In July 2018 the Secretary of State for Business, Energy and Industrial Strategy (BEIS) announced that the North East would be one of six areas that Government would work with to develop a LIS. The North East LEP continues to meet BEIS as part of the LIS working group on a regular basis to monitor progress against the project plan. A LIS Steering Group has now been established and the first meeting was held 13 November to introduce the approach to developing the LIS and terms of reference for the group. The North East LEP has appointed external contractors to undertake a review of North East productivity to inform the LIS.</p> <p>The North East LEP is working with regional stakeholders to develop a North East response to the National Infrastructure Assessments and lead a roundtable with the National Infrastructure Commission in November.</p> <p>The North East LEP has worked with Tees Valley Combined Authority on a proposal for a Made Smarter pilot in response to the Made Smarter review. If supported this will be delivered through the Growth Hub, working in partnership with the Tees Valley Business Compass</p>	<ul style="list-style-type: none"> Internal capacity Developing resources to support project 	Richard Baker	G

Investment Programme | Lead: Helen Golightly

Local Growth Fund		North East Investment Fund		Enterprise Zone development	
Total funding available	Capital grant funding £270.1m 2015-21	Total funding available	Capital loan funding £54m evergreen fund	Total funding available	£108m invested from EZ Business Rate income.
Amount allocated	<p>£262.3m contracted and £5.8m allocated to projects in pipeline development (all of which are anticipated to come forward for decision during 2018/19). Under-programme level currently at £2m</p> <p>Budget allocation for 2018/19 is £51.7m, with an additional £11.6m coming back from previous years 'funding swaps' with NECA. Total forecast spend currently is £69.8m (£6.3m over-programme).</p>	Amount allocated	<p>Over £67m invested through the programme to date with repayments underway.</p> <p>Approximately £10m available to invest at present.</p>	Amount allocated	1,351 new jobs (excluding construction jobs) created with 41 businesses located on the EZ sites.
Projects supported	<p>54 major projects including 4 mini-programmes approved to date.</p> <p>Innovation 'mini-funds' for Incubators and Project Development have both undertaken their first project calls – each receiving five proposals, with two projects fully approved to date. Second calls are now open until Q3 2018/19.</p>	Projects supported	28 projects supported over last four years, developing strategic infrastructure in support of economic growth in North East LEP area, including investment in Enterprise Zones and employment sites.	Projects supported	<p>The Enterprise Zone sites have attracted significant investment to date Applications are currently being progressed for five EZ sites, with one of these seeking Board decision at September meeting.</p> <p>Feasibility Studies are being progressed for four further sites to accelerate the development.</p> <p>A legal agreement is now in place and a full implementation plan has been finalised covering all 21 sites and signed by all 7 LAs.</p>
Issues	Net budget over programme of £6.3m to be monitored during course of the year.	Issues	<p>To date NEIF projects have reported a yearly average jobs figure of 512 (against target average of 1,661).</p> <p>These figures reflect an upward trend in output as projects move from build out to occupation and delivery. In addition funds are now being repaid, providing more finance available for re-investment / job creation. We are also reviewing other options to boost the output delivery of the NEIF with the Investment Board and Local Authority partners.</p>	Issues	Overall performance continues to show slower development, build out and occupation of sites than originally envisaged. However, there is still a positive financial model and significant pipeline of interest in the sites.

Communications Update – November 2018

Social Media



Followers: 9,257 (+3.5% since 12 September)
Reach: **567.3k impressions** over last 60 day period)



Followers: 3,271 (+3.9% on last month)
Reach: 40.8k (Impressions during Oct-Nov)

Benchmarking against top three LEPs on twitter
(as of 12 November 2018)

9,257

7,701

7,312

9,533



Top Tweets

TWEET HIGHLIGHTS

Top Tweet earned 3,260 impressions

1 of 2: We look forward to working with colleagues in the new North of Tyne authority as we collectively continue making the North East a more prosperous place for our businesses and residents.
@NorthTyneDevo @MHCLG @JakeBerry #NorthernPowerhouse #moreandbetterjobs
twitter.com/BdailyNorthEas...

1 3 17

View Tweet activity

View all Tweet activity

Top mention earned 84 engagements



CAREERS: Last week students were invited to attend an Inspiring afternoon presented by @CBITweets and @northeastlep, to find out about the variety of jobs available and were inspired by a range of successful people and their non-traditional routes in their careers. pic.twitter.com/XdXF17gDxN



2 7

The top three posts for engagement
(i.e. someone clicked or expanded the link) during this period were:

LinkedIn

7 Nov

We're expanding the Skills Team here at the North East LEP to support our region-wide work with schools, colleges and employers. Here's our Skills Director Michelle Rainbow talking to Northern Insight Magazine with more details:
<https://bit.ly/2zyV2Sy>

Impressions: 1,200 Clicks 106 CTR 1.422% Engagement rate: 10.5%

1 Oct

Can you help us grow the Digital sector in the North East and encourage more business to adopt digital technologies? Find out more about our new Digital Programme Lead position <https://lnkd.in/darqeBe> #jobs

Impressions 1,324 Clicks 66 CTR 7.88% Engagement rate 8.3%

1 Oct

Great news that the North East is in the top ten cities shortlisted to benefit from the #TransformingCitiesFund, which will see major transport improvements across the region. Read more here: <https://bit.ly/2Nfxqay>

Impressions 2,080 Clicks 50 CTR 7.2% Engagement rate 7.2%

Mentions October - November

No. of Mentions
1,021

(in articles, blogs, social media posts)

Sentiment:

Neutral: 839 (91.61%)

Positive: 179 (7.54%)

Negative: 3 (0.85%)

Negatives: One negative tweet this month was a reaction to a tender opportunity that they were not interested in. The other two were reactions to a select committee meeting.

Highlights:

We look forward to working with colleagues in the new North of Tyne authority as we collectively continue making the North East a more prosperous place for our businesses and residents.

@NorthTyneDevo @MHCLG @JakeBerry
#NorthernPowerhouse #moreandbetterjobs

Upcoming events

24 January 2019: Supply Chain North East launch

Priority actions for the next two months

Action 1

Continue to work on the refresh of the SEP – including document and launch event

Action 2

Work with the Strategy and Policy team to prepare for the launch of Our Economy 2018-2019

Action 3

Support the team in preparing the Local Industrial Strategy

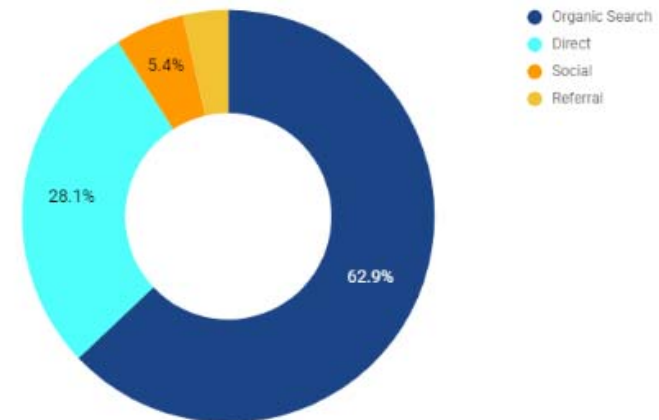
Website Performance Summary

OCTOBER 2018



Performance summary

- Website traffic is up **+33%** month on month (MOM) and **+14%** year on year (YOY)
- Contact form submissions have increased by **+64%**
- Project pages have had a **+33%** increase in page views and **+19%** increase in referral clicks
- Overall downloads have reduced by **13% MOM**
- Total external link clicks have increased by **+28%**, with clicks to focus areas also increasing by **+24%**



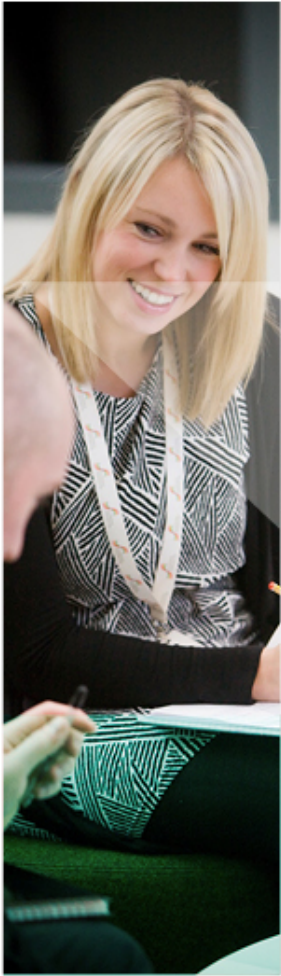
Site sessions: **5,639 +33%**

Bounce rate: **52% -3%**

General click to call: **3 -50%**

General click to email: **33 +3%**

Contact form submissions: **23 +64%**



North East

Local Enterprise Partnership



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NE1 4AD

29 November 2018

ITEM 6: Inward Investment in the North East

1.0 Background

1.1 At the March 2018 meeting, the LEP Board agreed to continue to support an inward investment model at the level of the seven local authorities and to commission an independent, evidence based study to understand the current performance of the North East's inward investment model and to recommend how we can collectively improve performance to secure more investment into the region. Therefore over the summer, Mickledore, the appointed consultancy, reviewed delivery models and associated evidence in comparable UK regions and produced the report attached as appendix two.

The report's author, Nigel Wilcock, will attend the Board to present his findings and recommendations. Mickledore reviewed the work undertaken by the Invest North East England (INEE) team, as well as the outputs across the area and examined the models and performance of other investment promotion agencies. They also carried out a consultation exercise.

The Board is asked to consider the findings of the report to inform a discussion at the meeting.

2.0 The report findings and recommendations

2.1 The report's Executive Summary is copied below for ease. It concludes:

“that the North East of England is currently performing reasonably well in the attraction of inward investment and that some of the regional frustration is based on the opportunities that the inward investment historically offered a region compared to the market today.

The inward investment market is now hugely competitive. The risk profile of the lower cost countries across Europe has significantly declined making them credible locations for large scale investment. This has resulted in the UK no longer being the leading recipient of new investment projects into Europe – shrinking the addressable market for the North East of England.

The inward investment market is also increasingly characterised by smaller projects as tech enabled service sector companies internationalise more quickly than in the relatively recent past.

Despite the demonstrably creditable performance of the North East of England in securing investment there are a number of recommendations which can be made. These are set out in full at the end of the report but are based on the following findings of the review:

- *Greater accountability and potentially performance could be achieved by setting clearer targets for INEE combined with robust measurement and regular reporting by the Agency to its controlling board (NECA).*

- *There is more scope for agreeing target audiences for proactive marketing across the whole of the North East of England extending the reach achieved by scarce resources – and avoiding any risk of duplicate effort.*
- *The manner in which the Agency was established has resulted in a service that provides high quality proposals to clients but the fundamental core of the approach has not been business development / lead generation and this will need to shift if added value is to be generated to all partners.*
- *The service, because of its origins, also provides a response to virtually every enquiry rather than prioritising those projects with the greatest likelihood of investing at scale. Time saved through prioritisation can be re-focused on more business development as well as the pursuit of every possible angle / contact / additional research that could secure priority projects.*
- *Contracting with a third party lead generation agency to encourage leads to develop into projects through a dialogue, as happens at present, misses a chance to learn from the marketing initiative. An in-house dialogue with the lead could offer greater local knowledge to the conversion process.*
- *Some partners equate promotional exposure, and in particular, participation at MIPIM Cannes to inward investment effort. Whilst, in a well-resourced region all of this activity has its place, attendance at MIPIM Cannes is subordinate in inward investment project attraction to sector focused business development activity direct with potential clients.*
- *The North East of England represents a small economic unit in international promotional efforts – at a significantly smaller scale than the typical region size of European competitors.*
- *Some organisations in North East England believe that a different branding approach based on a City Region could drive greater performance. This may be the case, but many other regions across Europe avoid this type of branding without obvious detriment. In any event, the core economic assets of North East England can be quickly introduced to the client after the initial headline brand without the need for City Region branding.*
- *Any requirement for INEE to report to two Combined Authorities, which may have conflicting requirements, could be detrimental to the agency. As a result a new governance model is required after North of Tyne devolution to enable all 7 local authorities to ‘govern’ the Agency. Single year funding agreements also limit the extent to which marketing initiatives can be planned effectively.*
- *The best inward investment agencies gain business development intelligence and sector knowledge from their investor development work and this drives success.*
- *Any additional resources for the agency should be used to drive further business development effort and ideally should be related to a sector based approach.*

These findings are translated into full recommendations in the last section of this report.”

3.0 What does a successful inward investment service look like?

- 3.1 The evidence suggests that inward investment is performing well in the region but could be better without any major changes, particularly through improved focus and prioritisation in some activities.

However, before considering the report and its findings further, it is worth considering

what the core activities of a successful inward investment service looks like, are we undertaking the activity now, are we doing it well and who is best placed to deliver them.

Table one below shows the proposed key activities of a successful inward investment agency. It also shows which partner is currently delivering the activity in the current hub and spoke model. The table shows that the hub and spoke collaboration covers most of the activities but not all, therefore the key discussion points are around capacity, resources and prioritisation to drive the highest performance from these activities and therefore securing investment into the North East.

Table one - Key activities of an Inward Investment service and how they are delivered in the North East

Activity	Delivery agent?	
	Hub delivery (INEE)	Spoke delivery (7 local authorities)
Regional marketing and promotion including brand, website and promotional collateral	Regional geography	Local authority (LA) geography
Well-developed regional information and data including labour market, skills, land and property, access to finance, financial incentives etc	Regional	Varies by LA
Key business sector information and data, with a focus on the four key growth sectors and the enabling sectors identified in the Strategic Economic Plan (SEP)	Yes	Varies by LA
Lead generation involving proactive work to secure UK and global investment into the North East	Outsourced service	Varies by LA
Networking	Yes	Yes
Events (e.g. MIPIM London, Offshore Wind week)	Yes	Varies by LA
Government relationship - lead contact with Department for International Trade (DIT). (DIT's preference is for LEPs to undertake this role.)	Devolved from the LEP to regional lead	No
Integrated investor and business development	Limited	Varies by LA
Account management including using existing businesses to leverage new investment and grow supply chains	No	Yes
Clear KPI framework for evaluation	No	No
Trade mission coordination (DIT part undertake this role) is not a direct inward investment service but is important as a route to attract investment.	No	No

4.0 Key Principles to underpin inward investment in the North East

4.1 Mickledore's report demonstrates that the inward investment model we have now is performing well, but regional performance could still be improved. It is also recognised that despite the independent nature of the report, there remains diverse views on how we could collectively improve the regional model to secure maximum investment into the region. Therefore, it is proposed in the first instance that the Board considers a set of key principles to adopt, which everyone can sign up to, and which can underpin how we move forward together to secure more investment.

The proposed ten principles to adopt are:

1. Inward investment is delivered at the LEP geography covering all seven local authorities.
2. The delivery model is hub and spoke, although the number of spokes may reduce if combined authorities amalgamate resources in the future.
3. The hub is more than a 'concierge' service, but prioritises investor enquiries and includes targeted lead generation.
4. The brand remains Invest North East England and an annual Marketing Strategy is produced.
5. An annual performance framework is agreed and reported on with clear targets on lead generation and project delivery.
6. An annual events programme is agreed in March each year for the following financial year.
7. The LEP is the lead regional contact and conduit with the Department for International Trade (DIT) as requested by the Department, which could be delegated to the hub.
8. The hub will work with and utilise the sector lead specialists within the LEP.
9. Account management is led by the spokes (the seven local authorities) but intelligence is shared with the hub (INEE) and is also used to leverage new investment and supply chain growth.
10. The hub will promote North East trade missions to raise business and partner awareness.

4.2 These ten principles encapsulate many of Mickledore's recommendations. They seek to confirm a shared commitment to the current hub and spoke model covering the LEP area. They do not fully address any proposed additional financial resources but provide a reshaped and focused approach within the current model and regional capacity.

5.0 Taking the report's recommendations forward

5.1 The 10 recommendations in Mickledore's report are set out on pages 51/52 of their report but pulled out into appendix one for ease.

There are also additional points and context to be considered at this time.

These are:

- a) The Combined and Local Authorities are setting their budgets now for 2019/20. They are in agreement to continue the £20k contribution each to the inward investment 'hub' (INEE) for 2019/20, giving a total of £140k towards a £460k INEE annual budget.

- b) The North of Tyne Combined Authority was created on 2 November comprising of the three local authorities; Newcastle, North Tyneside and Northumberland. The North East Combined Authority reduced to cover the four local authority areas of Durham, Gateshead, South Tyneside and Sunderland.
- c) The Deed of Cooperation, signed by all seven local authorities prior to the regional governance changes, confirmed that the accountable body for the INEE team was the North East Combined Authority, although this could change to the North of Tyne Combined Authority if the LEP changed accountable bodies in the future. This is for employment, legal and budget monitoring purposes and should not impact on or be a consideration for the delivery model.

5.2 As a consequence of (a) above, a funding source will need to be identified for either an increased annual budget for 2019/20 or medium term financial certainty to implement the report's recommendations which require additional budget or any additional views on delivery that arise from the Board's discussion.

In terms of reporting and to further strengthen collaboration and therefore the intent of the hub and spoke model, it is recommended that the INEE will now report progress and performance into the governance of both Combined Authorities and the North East LEP.

7.0 Recommendations

7.1 The Board is asked to:

1. Discuss the content of Mickledore's report and presentation;
2. Agree to establish the ten principles as set out in paragraph 4.1;
3. Discuss and propose further work to be undertaken within the region which would build on Mickledore's recommendations or further recommendations by Board members as a consequence of the review to date.

Appendix One – Mickledore’s 10 core recommendations

1	Consideration needs to be given to the governance of the INEE team when there are two Combined Authorities within the North East LEP area. This needs to be done in the context of setting medium term certainty of budget and with knowledge of each Combined Authority’s inward investment intentions.
2	INEE is given clear targets for lead generation and project delivery to ensure that it is accountable, that its value is demonstrable, the on-going performance is visible to all and to ensure that the team is clear on how it is evaluated. These measures should be monitored twice a year.
3	The organisation shifts its focus towards business development. Lead generation is the most important measure for an umbrella agency. This will require, most importantly, a shift in mindset. It will also require building more local and national networks, a shift in the way in which investor development is undertaken and a more hands on approach to dealing with leads generated by the lead generation agency.
4	A shift in the lead generation agency approach should allow additions to the in-house team with a business development post seeking to convert leads into projects
5	Any further resource available to the INEE team would focus on business development for a sector. In an ideal structure each sector would have a sector lead specialist who creates the local and national networks and works with a third party lead generator or undertakes the work themselves.
6	The provision of proposal and client handling is prioritised to give 100% commitment and to think laterally about the highest priority clients but not to provide a response to enquiries with a low likelihood of success. There is a need to secure larger projects for the region. The focus of the team to win projects and hit targets is then reinforced.
7	There is a need to work more on investor development activity. This is the single most important shift that could be undertaken – all of the most successful inward investment agencies ensure that investor development is integrated with business development. Engagement with local businesses does not simply raise opportunities within that business but provides sector intelligence and also potential investment from suppliers or others within the industry. It could be, that INEE jointly visits some businesses with the relevant local authority – or to maximise the use of limited resources that Invest NE England undertakes some visits but on a completely open book basis with the local authority involved.
8	There is a need for a better integrated marketing plan for the region. There are more than enough markets and sub-sectors for INEE to add value to the North East collective effort without having any impact on the work of others.
9	The work that has been undertaken in strengthening the team approach can be taken further. With clear accountability and through sharing more proposals and research the value that INEE brings can be demonstrated. In return, more working together on investor development and an understanding of the need to prioritise can assist in securing more and larger projects.
10	All 7 local authorities and both combined authorities must ‘sign up’ to the provision of the agreed Agency provision for a medium term, not less than 3 years.

North East LEP
Report: Delivering Inward Investment in the North East of England – A Review
Nov 2018

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Contents

Chapter	Subject	Page
1	Executive Summary	4
2	Introduction	9
3	Competitor Agencies	14
4	Current Position	35
5	Conclusions and Recommendations	41
6	Incentives	55
Appendices		
1	Incentive schemes	60
2	Consultees	61
3	Performance statistics of Invest NE England	62
4	Glossary	63

Chapter 1: Executive Summary



Invest North East England (INEE) was formed 3 years ago as a small response vehicle for inward investment enquiries that sought to consider locations across the entire region

Introduction

The North East Local Enterprise Partnership (North East LEP) commissioned this report into the approach taken to secure inward investment into the area and to review the work that has been undertaken by Invest North East England (INEE) for the 7 local authorities of the area.

The work involved in completing the report has included a review of the what is undertaken by the INEE team, a review of the outputs of the area, an examination of the work and performance of other investment promotion agencies and a wide ranging consultation exercise.

A series of conclusions and recommendations were then developed.

History

INEE was formed 3 years ago as a small response vehicle for inward investment enquiries that sought to consider locations across the entire North East region (or more than one local

authority within the area). Importantly, the agency is also the conduit for how national (Department of International Trade) enquiries can be handled on a regional basis.

The service has been referred to as a ‘concierge service’, pulling together responses from the relevant local authorities, handling the clients and passing them on to the relevant local authority when the client has shortlisted a specific location.

By undertaking their own presentation work, developing some sector propositions, handling client relationships and managing visits to the region, the service has always provided more than the ‘concierge service’ badge would suggest. The agency has recently extended the work to include some proactive lead generation activity which is undertaken by a specialist 3rd party agency.

In terms of funding, INEE has been financed to date by the North East LEP (to the largest extent) and from equal individual contributions of £20k

Executive Summary



Across some private sector organisations in the North East, there is a sense of frustration that the inward investment effort and success does not match the economic ambition of the region

from the 7 local authorities involved – Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. INEE is contractually an agency of the North East Combined Authority (NECA).

Performance

Across a large number of private sector organisations in the North East, there is a sense of frustration that the inward investment effort and success does not match the economic ambition of the region. This frustration is somewhat compounded by the scale of activity that has previously been undertaken in the region (by ONE North East and the Northern Development Company) and also by the success that the region has historically achieved.

In fact, when considering the overall inward investment performance of the North East of England region relative to its economic scale, the region has not under-performed against the UK national average. In addition, the low level of expenditure on the INEE team, therefore, also

results in a finding that the team has represented good value for money.

This simplistic value for money measure overlooks the distinction between whether projects have been secured with the involvement of INEE or invested with little involvement from the agency (non-involved successes) and more could be reported on involved and non-involved successes by Invest North East England. It is also noted that in 2017/18 the projects secured were somewhat smaller in employment terms than in other regions meaning that success in terms of employment in the North East has not been particularly strong.

When the North East of England position is compared to other individual English Agencies in more detail, the outputs secured by scale of expenditure are in line with those agencies considered to be better performing – MIDAS (Manchester) and Invest Bristol & Bath (West of England). The North East of England also significantly out-performs the recent investment

Executive Summary



The review therefore concludes that the North East of England is currently performing reasonably well in the attraction of inward investment

success recorded in the Leeds or Liverpool City Regions.

It is also clear that expenditure alone is no guarantee of success – both the Leeds and Liverpool City Regions have budgets for inward investment work in excess of £1m. The region with the fastest growth in securing foreign direct investment projects in Europe, Bavaria, provides sufficient funding for its Agency ‘Invest Bavaria’ to operate 27 overseas offices and whilst successful and representing a region with a GVA 13x that of North East England, it only secures 5x more FDI successes. Whilst the budget of Invest Bavaria is not disclosed, it clearly spends many multiples times more than the North East of England.

Conclusions

The review therefore concludes that the North East of England is currently performing reasonably well in the attraction of inward investment and that some of the regional frustration is based on the opportunities that the inward investment historically offered a region

compared to the market today.

The inward investment market is now hugely competitive. The risk profile of the lower cost countries across Europe has significantly declined making them credible locations for large scale investment. This has resulted in the UK no longer being the leading recipient of new investment projects into Europe – shrinking the addressable market for the North East of England.

The inward investment market is also increasingly characterised by smaller projects as tech enabled service sector companies internationalise more quickly than in the relatively recent past.

Despite the demonstrably creditable performance of the North East of England in securing investment there are a number of recommendations which can be made. These are set out in full at the end of this report but are based on the following findings of the review:

Executive Summary



The approach of INEE has not been particularly focused to date on business development / lead generation and this will need to shift if added value is to be generated for all partners.

- Greater accountability and potentially performance could be achieved by setting clearer targets for INEE combined with robust measurement and regular reporting by the Agency to its controlling board (NECA).
- There is more scope for agreeing target audiences for proactive marketing across the whole of the North East of England extending the reach achieved by scarce resources – and avoiding any risk of duplicate effort.
- The manner in which the Agency was established has resulted in a service that provides high quality proposals to clients but the fundamental core of the approach has not been business development / lead generation and this will need to shift if added value (through directly attributable project success and employment creation) is to be generated for all partners.
- The service, because of its origins, also provides a response to virtually every enquiry rather than prioritising those projects with the greatest likelihood of investing at scale. Time saved through prioritisation can be re-focused on more business development as well as the pursuit of every possible angle / contact / additional research that could secure priority projects.
- Contracting with a third party lead generation agency to encourage leads to develop into projects through a dialogue, as happens at present, misses a chance to learn from the marketing initiative. An in-house dialogue with the lead could offer greater local knowledge to the conversion process.
- Some partners equate promotional exposure, and in particular, participation at MIPIM Cannes to inward investment effort. Whilst, in a well resourced region all of this activity has its place, attendance at MIPIM Cannes is subordinate in inward investment project attraction to sector focused business development activity direct with potential clients.

Executive Summary



The best inward investment agencies gain business development intelligence and sector knowledge from their investor development work

- The North East of England represents a small economic unit in international promotional efforts – at a significantly smaller scale than the typical region size of European competitors.
- Some organisations in North East England believe that a different branding approach based on a City Region could drive greater performance. This may be the case, but many other regions across Europe¹ avoid this type of branding without obvious detriment. In any event, the core economic assets of North East England can be quickly introduced to the client after the initial headline brand without the need for City Region branding.
- Any requirement for INEE to report to two Combined Authorities, which may have conflicting requirements, could be detrimental to the agency. As a result a new governance model is required after North of Tyne devolution to enable all 7 local authorities to ‘govern’ the Agency. Single year funding agreements also limit the extent to which marketing initiatives can be planned effectively.
- The best inward investment agencies gain business development intelligence and sector knowledge from their investor development work and this drives success in projects and job creation.
- Any additional resources for the agency should be used to drive further business development effort and ideally should be related to a sector based approach.

These findings are translated into full recommendations in the last section of this report.

¹Examples include Skane (Malmo), Aderly (Lyon), Catalonia (Barcelona), Lombardy (Milan), NRW.Invest (Dusseldorf & Koln)

Chapter 2: Introduction



The report has been developed as a result of discussions with INEE and partners, other stakeholders and an examination of other agencies

The Project

The North East Local Enterprise Partnership (North East LEP) is undertaking a project to evaluate the performance of the North East of England in securing investment from outside the region (UK and foreign owned).

In particular the work is seeking to understand the effectiveness of the current approach using the central INEE Team in a hub and spoke model via the 7 local authorities.

Mickledore

Mickledore is an economic development company based in Warrington but undertaking work across the UK. The business was formed in 2008 from within the EY (formerly Ernst & Young) Regional Development team.

The business has a specialism in inward investment work within wider work on economic development.

We have experience of working with a very wide range of inward investment agencies in the UK and overseas.

The Report

In order to undertake the work, the INEE approach and performance has been compared to a number of other UK agencies (those agencies covering Leeds, Liverpool, Manchester and Bristol). In addition the activity of Invest in Bavaria is illustrated as a fully resourced agency, as it is the region with the fastest growth in foreign direct investment in Europe.

As well as the desk research, a large number of consultation interviews were held and those organisations contacted are shown in Appendix 2. Detailed discussions were also held with INEE and each of its 7 local authority partners.

As a result of this work, the performance and potential changes to the approach taken are then set out in the sections which follow.

Introduction



The INEE service was established to operate on a collaborative 'hub and spoke' model with INEE acting as a strategic and cohesive coordinating function working closely with the economic development teams of the seven NECA constituent authorities

Current Delivery Approach

INEE describes its approach as follows. This description is taken from INEE literature and is included in order to provide context rather than being part of the evaluation:

Unlike some other 'regional' inward investment services currently in operation where a single body is responsible for the whole range of inward investment and account management functions, the INEE service was established to operate on a collaborative 'hub and spoke' model with INEE acting as a strategic and cohesive coordinating function working closely with the economic development teams of the 7 NECA constituent authorities and other partners including the North East LEP, the universities and colleges, the private sector (particularly the property sector) and various business support organisations. Many of these act as ambassadors for the INEE team selling the benefits of the North East as an inward investment location.

The INEE Team comprises of 3 team members, led by and including, the Inward Investment Director.

The team is funded through financial contributions from each of the 7 local authorities and the North East LEP, and a minimal amount of private sector funding (contributions to events). The North East LEP currently contributes approximately 70% of the total budget. The local authorities contribute £20k each.

The INEE service is not responsible for account management of existing companies. This role is the responsibility of local authority teams. This is important because approximately 75-85% of all foreign direct investment into the North East comes from re-investment by existing investors (e.g. Nissan). INEE's role is to attract completely new investors into the region from both overseas and the rest of the UK.

Until the beginning of 2017, the service provided by INEE had been purely reactive, coordinating

Introduction



In February 2017, a specialist international lead generation consultancy was appointed on an initial six month contract (with a view to a longer arrangement) to source qualified inward investment leads

regional responses to enquiries received from the Department for International (DIT), the North East LEP and direct to INEE. Progress was made during this time, building relationships, raising profile and preparing for an agreed proactive approach. External consultants have been commissioned in a number of areas, including communications, to increase the capacity of the team, whilst retaining a small number of core staff.

The INEE Business Plan agreed by Local Authority Economic Directors in July 2016 set out how the regional service would move forward to a more comprehensive, strategic and pro-active approach, which would continue to work closely with, and add value to, the constituent 7 authorities' activities, aimed at attracting new investment to the North East and build upon the co-operation that has developed through the hub and spoke model. INEE has forged working relationships with all seven local authorities and works closely with them on all its activities.

Diagrammatic representation of the existing hub and spoke inward investment model with the seven local authorities.



In February 2017, a specialist international lead generation consultancy was appointed on an

Introduction



INEE Describes its own function as covering 8 specific areas of work

initial 6 month contract (with a view to a longer arrangement) to source qualified inward investment leads and projects for INEE. The contract also provides for introductions to key multipliers and intermediaries to spread the North East messages, improve its visibility and reputation, and provide company leads through multiplier networks.

INEE is responsible for delivering a range of services and activities including:

- Generating inward investment enquiries for the North East through a range of marketing and communications activity and its lead generation contract.
- Managing the INEE pipeline of potential investment projects, both DIT and direct enquiries. The local authorities are briefed on this confidential pipeline at the monthly partnership Investment Gateway Meetings made up of Key Officers from INEE and the 7 local authorities to provide transparency of INEE work.
- Developing bespoke propositions for investment enquiries and providing detailed information to DIT for specific DIT-sourced enquiries.
- Arranging and supporting inward investor visits to the region when the investor is interested in a range of assets and sites across the region. Visits typically include viewing sites and properties, meeting key businesses and umbrella organisations, meetings with academics and R+D facilities, discussing financial assistance and EZ benefits, hosting dinners etc.
- Developing and maintaining key sector information and statistics through a series of sector 'Toolkits' which provide detailed information on a range of sectors and sub sectors. This information forms the basis for developing propositions and key selling messages.
- Developing and maintaining a range of marketing and communications resources aimed at promoting the region as a whole. This is orchestrated through the quarterly marketing and communications group (which

Introduction



The INEE relationship with DIT is driving value - Contracting with DIT to provide Key Account Management resource, this is then sub-contracted to local authorities to deliver in-house.

includes local authority inward investment marketing leads), including:

- Brand guidelines
 - Website
 - Sector/sub sector brochures (digital and printed)
 - Social media presence
 - Coordinated and integrated marketing and communications plan
 - Events Plan
 - PR press releases, sponsored blogs and targeted paid content
 - Sector specific marketing campaigns
 - Organising and attending a variety of sector exhibitions and events to promote the region.
- Providing regional overview presentations on the region's key sector strengths and opportunity areas for DIT/Chamber of Commerce inward missions for overseas company delegations.
 - Contracting with DIT to provide Key Account Management resource, this is then sub-contracted to local authorities to deliver in-house.

Chapter 3: Competitor Agencies



In addition to four UK agencies, the report also considers Invest in Bavaria – this provides an interesting case study of a very well funded agency representing a large European economy

In order to gain an understanding of the performance of the North East LEP's inward investment activity, it is useful to compare the region to other agencies in the UK and overseas.

We have compared the North East to:

- MIDAS (covering Greater Manchester)
- Liverpool City Region
- Invest Bristol and Bath
- Leeds City Region

In addition we have considered Invest in Bavaria as the location which has increased its inward investment performance most dramatically over recent years.

The section considers the work of the agencies before drawing some conclusions from comparative data across the agencies.

It is clear that Invest in Bavaria is not really a competitor agency – nor a particularly good

comparator on a like for like basis – but the scale and emphasis placed on investment from the agency represents an interesting case study.

Competitor Agencies



MIDAS was established without City Region branding at a time when the Greater Manchester Authorities did not otherwise work as a cohesive entity

MIDAS

MIDAS is the Agency representing Greater Manchester and it has been in operation for more than 20 years. Its formation substantially predates the wider economic cohesion now in place between the 10 Greater Manchester Local Authorities.

The Agency is now part of the Manchester Growth Company which is the largest business support organisation of its type in England. The organisation has revenues of £108m and employs 1220 people.

Whilst the Manchester Growth Company maintains a number of semi-autonomous business units and MIDAS reports on its budgets and performance separately, MIDAS can call on the resources of its partner organisations such as central administration, economic strategy, Marketing Manchester and the business support activities to add to its own work.

MIDAS itself has a budget of £1.221m and almost all of this budget (£1m) is provided equally by each of the 10 local authorities. The Agency employs c12 people.

The agency does not operate any overseas offices but has bought in lead generation support and some activities of third party representatives in international markets.

The agency focuses on a number of sectors:

- Life sciences & healthcare
- Business and professional services
- Energy & environment
- Creative, digital & technology
- Advanced manufacturing

These sectors, whilst broad, have been consistently applied across a number of years.

The organisation employs sector managers for each of the sectors involved and undertakes all

Competitor Agencies



MIDAS has developed a formalised and well funded approach for inward investment across the whole of Greater Manchester

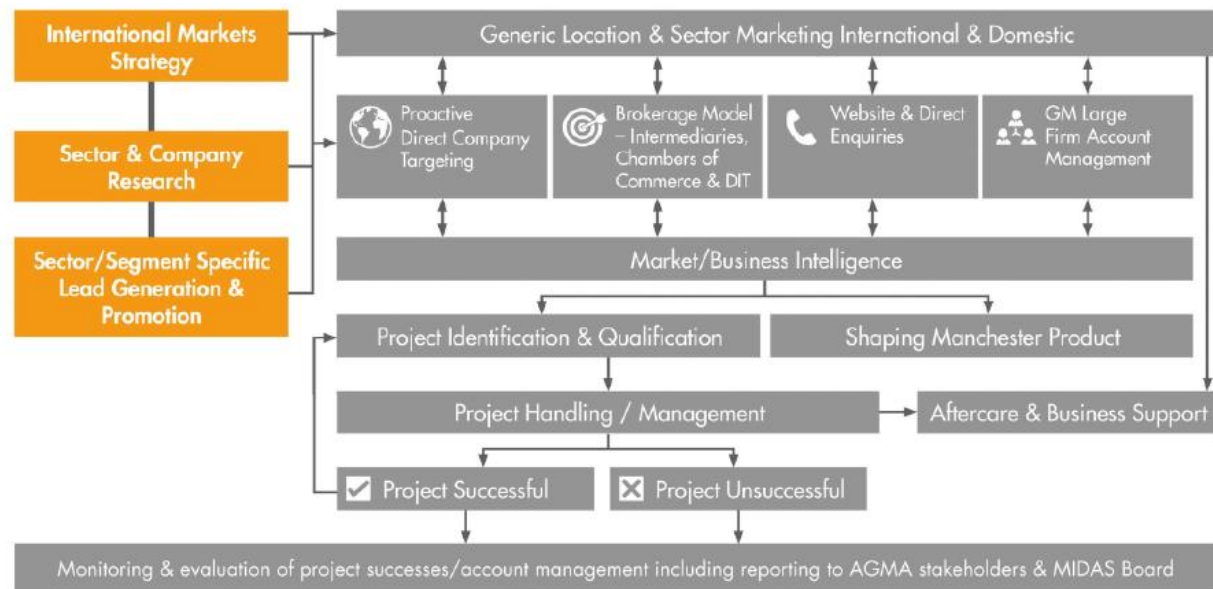
inward investment activities including investor development.

MIDAS also provides some supportive information for international students.

The activities of the organisation are shown in

their project flow diagram below. This illustrates two important sources of project not particularly a focus of the North East's lead generation approach – notably the intelligence from business engagement and the use of brokers.

Inward Investment Customer Flow Chart



Competitor Agencies

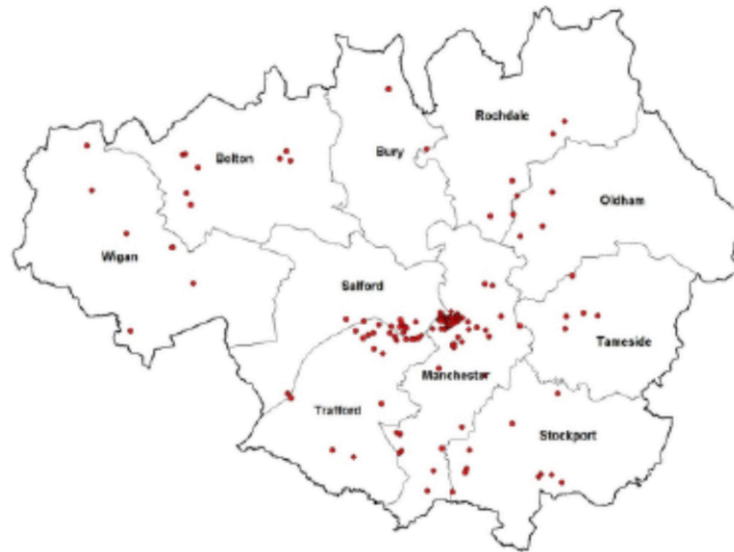


Each local authority area provides equal funding but the distribution of projects has been focused on the urban core

Whilst the organisation has been operating for more than 20 years and gains an equal contribution from each local authority, there is a continuing challenge for the organisation to demonstrate value for all of the local authorities involved. The challenge is illustrated by the distribution of 2017/18 projects secured.

Despite this challenge, there is little inward investment activity undertaken by the local authorities and in many cases the economic development functions of the local authorities are small in scale.

In addition to the inward investment work, the Chamber of Commerce, marketing and promotion activities and the growth hub are all undertaken on a city region geography.



Competitor Agencies



The Leeds City Region has been established using the anticipated revenue stream from future Enterprise Zone business rate receipts

Leeds City Region

The Leeds City Region has had a less consistent approach to inward investment activity than other core cities. The activity is now undertaken by the LEP – albeit contractually the activities are delivered within the structure of the West Yorkshire Combined Authority (WYCA).

Until 2015 inward investment activity was undertaken by ‘Leeds and Partners’. This was a well funded organisation (£2.9m per annum) supported principally by Leeds City Council. It did, however, also undertake the visitor economy work for the City. The agency was disbanded after some acrimony between partners and the agency.

In 2015 the LEP established an international function to focus on investment and trade promotion in place of the Leeds and Partners model.

The budget for the recreated international team is

£1.263m and this is funded by WYCA as a drawdown against future projected business rate receipts from the Aire Valley Enterprise Zone. The organisation employs c10 people. At present the future business rate receipts are below the levels anticipated and as such, the service has some funding difficulties for the future.

The Leeds City Region focuses on:

- Healthcare and innovation
- Digital
- Business and professional services
- Manufacturing

The organisation undertakes its own marketing activities mainly through event attendance and the organisation does not undertake investor development activity – this is undertaken largely by the local authorities – although there is a discrepancy between the levels of economic development activity in the different authorities. Leeds, Bradford and York have reasonably well resourced teams but the other local authorities have less resource.

Competitor Agencies



One interesting innovation is the creation and sharing of a variety of material on the Invest in Leeds City Region web site which is intended for use by all of the stakeholders

The Leeds City Region team has suffered from some difficult local authority relationships that in many ways are a legacy of the perceived centrist approach of the Leeds and Partners model. The LEP has therefore attempted to secure a protocol arrangement with its local authorities to share intelligence whilst at the same time providing full information on the project pipeline.

One interesting innovation is the creation and sharing of a variety of material on the Invest in Leeds City Region web site which is intended for use by all of the stakeholders to provide consistent messaging, high quality research and spread the inward investment message more widely.

Competitor Agencies



In the initial 2-3 years of Invest Bristol & Bath the budget was only agreed on an annual basis. Latterly the organisation has operated on 3 year funding agreements of the local authorities

Invest Bristol & Bath

Invest Bristol and Bath (IBB) was formed 8 years ago by the West of England Partnership and since been operating within the LEP. The organisation originally represented North Somerset, South Gloucestershire, Bristol and Bath – but the participation of North Somerset has been inconsistent.

In the initial 2-3 years of the Agency its budget was only agreed on an annual basis. Latterly the organisation has operated on 3 year funding agreements of the local authorities. The organisation has operated on £800k - £1m per annum since this point.

The organisation was set up as a small central team (c5 people) with contracts provided to sector bodies to undertake the business development activity. The model originally reflected the uncertain future nature of funding but the approach has been retained.

The 4 externally led sector development activities have been:

- Aerospace & advanced engineering
- Creative & Digital
- Low carbon
- High-tech

When leads are generated by the outsourced business development team, the project is then handled internally through the provision of proposal and research material.

Local authority partners are encouraged to help provide information for responses and to sit within the IBB offices once a week to discuss proposals and share information.

IBB does not undertake investor development activity.

The outsourced contracts have led to a variability in the levels of success between sectors. Aerospace & advanced engineering and 'high

Competitor Agencies



The tendency for projects to focus in specific areas has resulted in tensions with North Somerset in particular

tech' (electronics and R&D) has largely been linked to North Bristol and South Gloucestershire because of the presence of an existing aerospace cluster at Filton, and the location of a University Science Park, a large MOD presence and significant development potential alongside the M4 / M5.

Creative & digital has been largely focused on Bristol – with the availability of some soft landing space and co-working spaces in the City.

Low carbon has tended to be involved in sector initiatives rather than securing large volumes of projects.

The tendency for projects to focus in these areas has resulted in tensions with North Somerset in particular. Bath has been investing significantly in its office product and there is an expectation that this will provide an additional alternative for investors in the future.

To some extent these tensions have resulted in IBB also promoting 'locations' with Junction 21 on the M5 (in North Somerset) offering significant development space.

IBB is reaching the end of the current 3-year review period and the LEP is currently reviewing the organisation.

Competitor Agencies



In 2018 the LEP undertook an internationalisation strategy with a view to undertaking more of this activity in-house and creating better protocols between it and the local authorities

Liverpool City Region

The Liverpool City Region is unusual in its approach. At present the LEP does not really undertake inward investment activity although does have a single coordinator for DIT enquiries which are then passed to the individual local authorities (6 in total).

Of the local authorities, only Liverpool City Council (through its Liverpool Vision vehicle) undertakes proactive inward investment work and employs a team of 6 people – each with a sector focus.

The sectors covered by Liverpool Vision are:

- Life Sciences
- Maritime
- Advanced manufacturing
- Creative and Digital
- Professional and business services.

In 2016, Liverpool Vision created a Place Marketing group made up of the Local Authorities to make an ERDF bid to support overseas

promotion. This funding (£0.5m per annum) was matched through the existing resources of Liverpool Vision and the local authorities. This created a programme of £1m per annum which is largely being spent through third party lead generation companies overseas but with limited success to date. The programme closes in April 2019.

The markets selected of China, India and the US were matched to the ambition of the International Business Festival hosted by Liverpool Vision in 2018 which sought to attract business and trade delegations from these markets.

Investor development activity continues to be undertaken by the individual local authorities.

In 2018, the LEP undertook an internationalisation strategy with a view to undertaking more of this activity in-house and creating better protocols between it and the local authorities. At present the work this strategy has no funding stream.

Competitor Agencies



The Liverpool City Region continues to receive fewer projects than North East England despite greater funding being allocated to inward investment

There is a perception within the Liverpool City Region that the area under-performs in inward investment and this is borne out when project successes are compared to GVA – the region performs significantly less well than the North East of England.

There are also concerns that without a central ‘front door’ the completely devolved approach for project handling means that apart from DIT enquiries and the enquiries secured through the place marketing contract, there is a risk that companies only receive information on small parts of the City Region.

With the place marketing programme drawing to a close, a large diminution of resources being received by Liverpool Vision from Liverpool City Council and an ambition but no identified funding in the LEP for an international approach, it remains unclear how Liverpool will handle inward investment in the future.

Competitor Agencies



Bavaria is a large and highly successful economy – its well funded agency is successful but scale has brought a diminishing return on investment

Invest in Bavaria

Germany is the inward investment success story of the last decade. German inward investment is handled centrally by Germany Trade and Investment and it works with 16 Federal States.

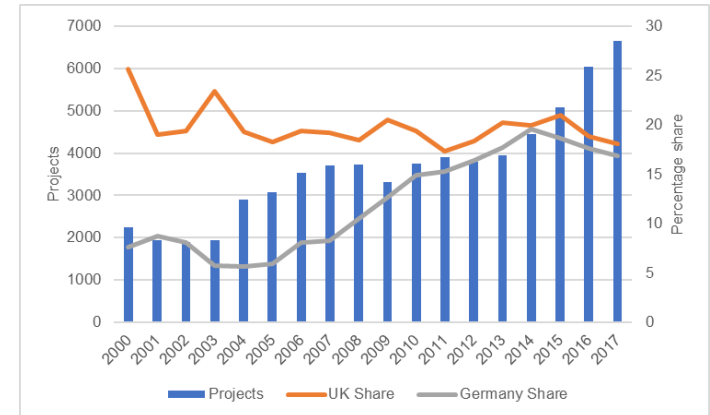
Invest in Bavaria is one of the 16 Federal State Agencies that works on investment. Bavaria has secured the fastest increase in investment projects over recent years.

Bavaria has the largest economy of all of the Federal States – and to provide a perspective of the scale of region that is promoted, the Bavarian economy can be contrasted with the North East LEP area as follows:

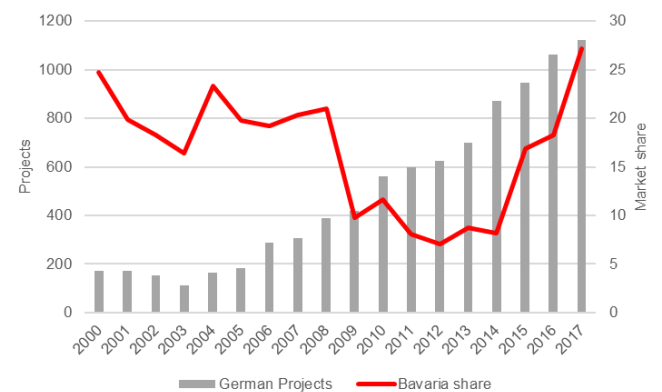
Contrasting scale of regions

	Bavaria	NE England LEP
Size (sq miles)	27,000	3,000
Population (million)	12.9	2.0
GVA £bn	535m	39

European projects with UK & German market share (Source: EY)



German projects with Bavarian market share (EY)

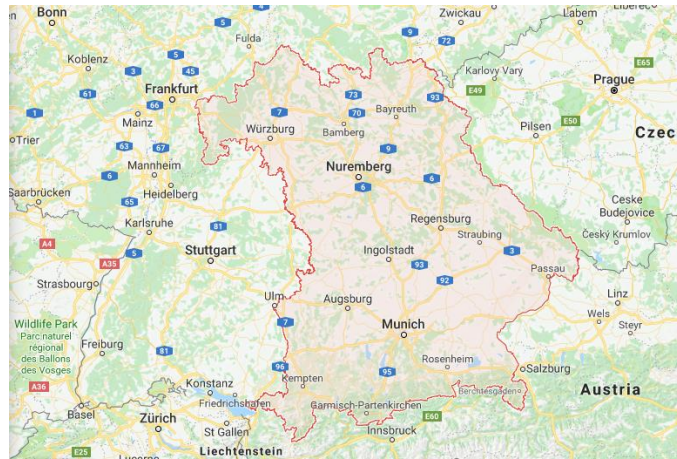


Competitor Agencies



The agency has 27 overseas offices and purports to 'focus' on 17 different sectors for investment

The geography of Bavaria



The Agency employs 30 staff in Bavaria and is represented in 27 overseas locations although not all of these are staffed by full time representatives in physical offices.

The agency has a very extensive list of sectors (17) and these are listed opposite.

Sectors

Aerospace & satellite navigation

Automotive

Biotechnology

Chemicals

Information technology

Electronics and electrical engineering

Energy technology

Environmental technology

Financial services

Logistics

Mechanical engineering

Mechatronics

Media

Medical technology

Nanotechnology

New materials

Photonics

Competitor Agencies



The approach deployed by Invest in Bavaria is formalised but does not provide a significantly different approach to that of INEE despite their scale

Invest in Bavaria is extremely well resourced and breaks down its service into the following four categories:

1. Planning and preparation
 - Information on the market and business environment
 - Information on the relevant sector and technology networks
 - Overview of fundamental legal and taxation issues
 - Brokering of contacts to service providers and experts
 - Overview of support and financing instruments
 2. Location search and location selection
 - Development of project-related location criteria
 - Presentation of ideal locations in Bavaria
 - Identification of suitable commercial properties and spaces
 - Organisation of site visits
 - Networking with local partners relevant to the project
 3. Implementation
 - Organising coordination with all project partners,
 - Brokering contacts at/with/to sector and technology networks, service providers and experts
 - Arranging appointments with support and financing partners
 - Communication with authorities and local economic promotion agencies
 - Assistance with human resources issues via our contacts to the Federal Employment Agency and private recruitment companies.
 4. Growing in Bavaria
 - Information about the programmes provided by Bavaria's business promotion agencies, such as for tapping into new markets, taking part in trade shows, international cooperation, as well as research and development
- Identification of project-relevant support instruments for companies
 - Brokering of contacts to the relevant support institutions

Competitor Agencies



No budget information is provided by Invest in Bavaria although the scale of resource suggests that the budget is many multiples larger than any UK agency

- A worldwide network of Bavarian representatives abroad, whose work will benefit your plans for possible internationalisation
- Brokering contacts for foreign companies to communities, institutions and organisations from your home country in Bavaria (if required).
- Information about useful company databases and sector networks which serve your purposes.
- Invitations to networking events and information about events held by our partners.

It is important to note that despite the resourcing of the organisation, the service offering similar to any inward investment agency – albeit, in comparison with the North East LEP, there is an emphasis on investor development activities and trade ('Growing your business').

In terms of results, Invest in Bavaria claim to have secured an average of 94 projects per annum and secured 2,600 jobs each year since 1999.

There is no information released on the expenditure of Invest in Bavaria. The budget of the Agency, however, is clearly substantial.

Competitor Agencies



The following table summarises the typical activities of the agencies investigated.

	Bavaria	Manchester	Leeds	Bristol	Liverpool	North East
Market identification	Sector based	Sector based with identified targets	Sector based	Sector / investment location based	Market based	Sector based
Promotional material	Extensive – incl. ‘chat’ function on a comprehensive website	Reasonably detailed published propositions	Detailed and shared in a repository for use by partners	Extensive use of digital apps – less detail on website	No material produced on a City Region level	Propositions produced – website less detailed
Proactive work	Overseas office network	Mostly in-house against identified targets	Mostly event attendance	Outsourced sector managers	3 rd party overseas agency	3 rd party agency overseas and London
Proposal quality	Includes significant ‘doing business in Germany’ information	Includes market validation research	Good – although handled by a separate team from business development work	Good – although handled by a separate team from business development work	Average – less detail than others	Good – with an ambition to respond to 100% of enquiries
Client handling / project management	Extensive and within a larger organisation with other solutions	Extensive and within a larger organisation with other solutions	Some disconnect from sector lead and project handler	Focuses on a ‘reception’ service – LAs involved early	Disjointed agency problems	Handed on to Local Authorities at the point of selection
Account management	Undertaken extensively in-house	Undertaken extensively in-house	Not undertaken – function of the local authorities	Not undertaken – function of the local authorities	Not undertaken – function of the local authorities	Not undertaken – function of the local authorities

The approach of the 5 different agencies is compared against 6 headings of typical inward investment work

Competitor Agencies



In terms of GVA per success, the NE achieves the greatest ratio of project successes to GVA of the regions studied with the exception of Manchester (and the result is virtually equal)

Agency Data

The following data sets out the contrasting position of the different agencies examined. The data is assessed overleaf.

April 2017-March 2018	Population (million)	GVA £m	EY Successes	Agency claimed success	Agency claimed jobs	Budget £m	GVA : EY Successes	£ / EY Success	£ / claimed project	£ / claimed job
Bavaria	12.9	535	158	94	2600	Not known	3.38			
Liverpool City Region	1.5	30	14	22	1042	1	2.14	71,428	45,454	959
Leeds City Region	2.3	57	35	18	2505	1.263	1.63	36,085	70,166	504
Manchester	2.8	63	50	86	4013	1.223	1.26	24,460	14,220	304
Bristol & Bath	0.9	33	15	48	1618	1	2.2	66,666	20,833	618
North East (LEP area)	2	39	30	83	1360	0.46	1.3	15,333	5,542	338

Competitor Agencies



UK agencies have been established for smaller economic regions than elsewhere in Europe. This is highlighted by Invest in Bavaria but is also true when compared to other Western European regional agencies

Some interesting conclusions can be drawn from the data above but it is important to recognise that the data is not completely comparable – and some of the inconsistencies are as follows:

Data issues

- Each region undertakes inward investment in a slightly different way. It is noted that some of the Local Authorities in the North East Region undertake their own inward investment activity and therefore the total expenditure of £460k does not reflect the total regional activity. This is, however similar to other UK regions. Almost all local authorities retain some investment delivery capability – and in the case of the larger city regions some local authorities undertake their own independent work in addition to the work of the city region (Stockport, Tameside and Rochdale in Greater Manchester; Liverpool CC and Wirral in the Liverpool City Region; and York in the Leeds City Region).
- EY data differs to the agency data because it only includes foreign direct investment, whilst the Agency data includes UK owned relocations.
- No expenditure is disclosed for Invest in Bavaria. It is clear that the running costs before any programme activity must exceed £6m. It is not a true comparator to UK agencies.
- The Liverpool City Region LEP does not undertake inward investment activity but a collection of 6 local authorities led by Liverpool Vision (Liverpool CC) undertaking some collective activity with a budget of £1m per annum.
- The Leeds City Region appears to only count projects in which it has a direct and meaningful involvement – it claims fewer projects than EY attribute to the region.
- The MIDAS budget of £1.223m masks the access that the organisation has to wider economic development information and marketing within the Manchester Growth Company.
- The North East LEP counts successes for the region rather than claiming its own involvement.

Competitor Agencies



The North East appears to be particularly assiduous in maintaining records of investment into the area. The ratio of recorded successes to EY successes is very high

- Employment secured from inward investment projects is erratic. In many ways projects are a better measure of success – not least because the time and resource required to secure projects is not proportionate to their predicted employment.

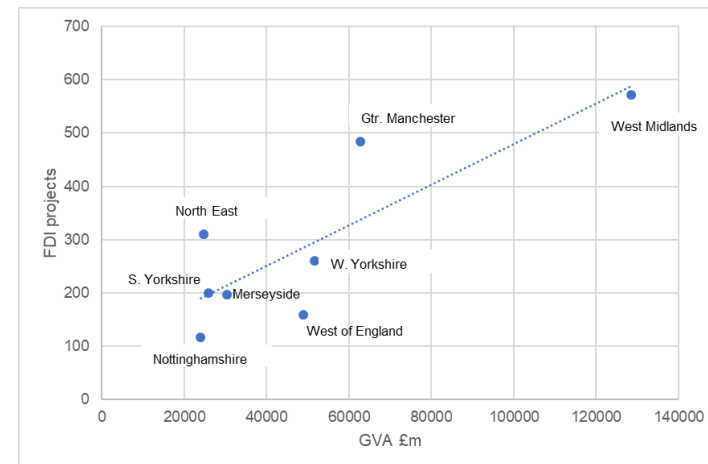
Findings

- UK agencies have been established for smaller economic regions than elsewhere in Europe. This is highlighted by Invest in Bavaria but is generally true when compared to other Western European regional agencies.
- When comparing the scale of agencies and results, it is useful to consider that the 7 local authorities making up the North East LEP cover a significantly smaller economy than Greater Manchester or the Leeds City Region.
- When the independent EY data for FDI is considered, the North East out-performs the Liverpool and Bristol City Regions combined. In fact, the North East is in line with Manchester (and above the other comparators) in terms of the project : GVA

(economic output) ratio.

- This finding is consistent with performance when the data is considered over ten years.

UK Regions – 10yr FDI performance vs GVA



- The North East appears to be particularly assiduous in maintaining records of investment into the area. The ratio of recorded successes to EY successes is very high (although exceeded by Bristol).

Competitor Agencies



The average project size of all inward investment has been declining over recent years

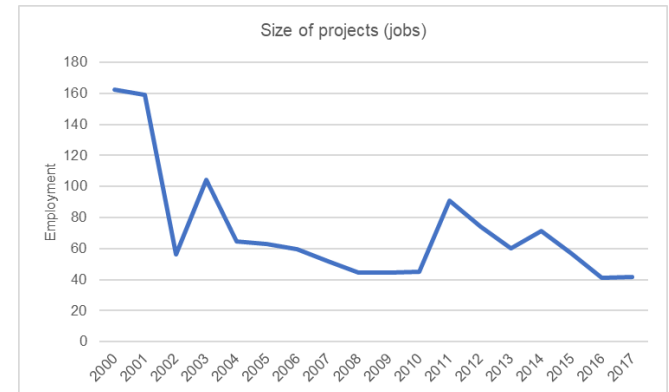
- Whilst the North East has recorded large numbers of investments, the size of those investments has been small. This is illustrated in the table below:

Average job per project (2016/17)

Region	Average Job / project
Leeds City Region	139
Liverpool City Region	47
Manchester	47
Bristol & Bath	34
Bavaria	28
North East	16

- It is important to note, however, that the average project size of all inward investment has been declining over recent years as illustrated by the graph below.

Average size of FDI projects secured by the UK



- The North East has the smallest budget of any of the agencies – although the area does also have well established economic development units in most of the local authorities of the area.
- The small budget and reasonable performance means that on the measure of £/EY project; £/claimed project the North East is the strongest performer – and on the

Competitor Agencies



Inward investment success is at least partly related to the scale of GVA of a region. There is a need for sufficient scale of business activity to draw in other businesses

measure of £/job is the second strongest performer behind Manchester.

- An alternative scenario is to consider that success in inward investment does not always increase in line with expenditure.

Previous Evidence

- In 2007 BERR (now BEIS) conducted a widescale economic impact assessment of the RDAs. Whilst this is now 10 years old and the RDAs were abolished many years ago, the evaluation itself remains worth considering.
- The evaluations for inward investment covered 7 English Regional Development Agencies (RDAs) and programmes totalling £56.6m of expenditure. The evaluated programmes claimed 43,441 jobs (a cost of £1,302 per job) but the evaluation only accepted that 43% of the activity resulted in outcomes that would not have happened anyway (additionality). This increased the cost per job to £3,056.
- When ONE North East was studied in

isolation, programmes totalling £6.1m were evaluated and these led to 16,241 jobs and 48 projects.

- This suggests that in the period studied (2002/03 – 2006/07) that the inward investment activity of ONE North East resulted in a cost of £375 per job but the projects were considerably larger – average project size was 338 jobs.

Conclusions

- Inward investment success is at least partly related to the scale of GVA of a region. There is a need for sufficient scale of business activity to draw in other businesses. This can only partly be addressed by the work of an agency.
- Some inward investment happens without agency support. PWC evaluating the RDAs estimated that 42% of investment was 'additional' because of the involvement of agencies with the remainder likely to have taken place in any event.

Competitor Agencies



There are diminishing returns involved in spending larger amounts of money on inward investment activity

- Cost / job recorded by INEE is similar to that recorded in the past, but that this is achieved by working with lots of smaller businesses rather than through the attraction of high profile successes.
- Whilst spending large amounts of money can increase performance in inward investment, the returns diminish. Invest in Bavaria (and similarly Scottish Development International) spend multiple millions of pounds on overseas markets and wider initiatives but their final results are not multiple times better.
- Manchester, Bristol and Leeds all spend a similar amount in inward investment and have bespoke agencies – the main difference between the three is that Manchester undertakes its own investor development activity. Manchester significantly out-performed the other two agencies. Scotland estimate that 80% of their FDI success is related to their investor development work.

Chapter 4: Current Position



The current position of the North East of England has been considered against a number of factors and the qualitative evidence was gathered through a review of the agency work and stakeholder interviews

Introduction

The current position of the North East LEP's inward investment service and performance of the region is considered against a number of headings:

- Background
- Perception
- Objectives and targets
- Governance
- Marketing Strategy
- Branding
- Lead generation
- Proposals & Client Handling
- Delivery
- Investor Development
- Team approach
- Regional promotion
- MIPIM

These are considered in turn.

Background

In line with other regions, in the past inward investment was undertaken by the RDA in the North East of England. In the case of the North East this was ONE North East although the region covered was the old Government Office North East region which included Teeside.

The North East had a rich tradition of securing inward investment projects – most notably Nissan and Samsung. The RDA was well funded and undertook work beyond inward investment promotion.

Whilst ONE North East was abolished in 2012, it is important to note that this had been a development agency with a budget of £250m per annum at its height. This scale has had an impact on how subsequent economic initiatives are viewed in all English Regions.

Current Position



The Department of International Trade is responsible for UK inward investment effort nationally – and will only deal with areas on a LEP geography

Post RDAs (and not as a replacement), Local Enterprise Partnerships were formed to provide some guidance and input into local economic initiatives and their role has increased over time. It was determined that the national inward investment function UK Trade and Investment (UKTI) and now the Department for International Trade (DIT) would gain regional input into projects considering the UK through dealing with the LEPs.

In the North East of England, partly as a response for the need for such a central point of coordination and contact, the 7 LA's and the North East LEP established the investment service (INEE) – in a manner which most organisations recognise was originally conceived as a 'concierge service'. That is, an organisation that received enquiries and helped coordinate a response appropriate for the region through liaison with partners.

Latterly (from April 2016) INEE also started to commission some proactive work.

At the current time, the organisation employs 3 people and has an annual budget of £460,000 although this budget is agreed on an annual basis. The funding is provided in part by each of the local authorities (£20k each) but the majority is provided through the North East LEP.

Perception

Within external stakeholders there is a perception that the North East of England could be achieving more. In many ways, it is this perception that has led to this study being commissioned. Depending upon the stakeholder, there is a view that by altering the branding, lead generation, organisation, scale of resources or by doing things differently, a step-change in inward investment performance could be performed.

In fact, the evidence base does not support these general perceptions.

The North East out-performs many regions of the UK in securing inward investment relative to the GVA of the region (analysis in Chapter 3).

Current Position



As a 'concierge service', INEE was formerly a coordinator with relatively little control over the outcome of investment. As such its objectives and targets, whilst set, were not developed in detail and nor were they widely disseminated or evaluated

Whilst it is true that the North East has secured large numbers of very small projects, and this may have contributed to the perception that the region is under-performing, average project size in the UK has declined significantly over the last two decades.

Whilst many changes to the North East approach can be considered, it is also important to note that the current position of inward investment into Europe / UK has changed over the last few years. Analysis of performance needs to be based on the current market.

Objectives and Targets

As a 'concierge service', INEE was formerly a coordinator with relatively little control over the outcome of investment. As such its objectives and targets, whilst set, were not developed in detail and nor were they widely disseminated or evaluated.

As the role of the agency has developed, the greater activity in generating leads, developing

the leads into projects and developing a relationship has shifted the objectives of the organisation and the targets for which it can be accountable.

Governance

At present, INEE is an agency within the NECA. With the North of Tyne devolution deal likely to be signed off in the autumn the governance arrangements may need to be reconsidered.

The North East LEP is the representative body recognised by DIT as the organisation through which all national inward investment discussions should be routed and through which inward investment enquiries are coordinated. The North East LEP utilises the INEE structure to execute / implement this arrangement through NECA.

Marketing Strategy

The need for a marketing strategy for INEE has only developed as the organisation has taken on

Current Position



A lead generation company also qualifies the leads for North East England and attempts to provide enough background information and discussion to convert the leads into projects

proactive work.

INEE has developed its proactive inward investment activity over the last 18 months based on the core sectors for the region.

Their lack of a long term budget has been a hindrance in planning for events and campaigns some distance ahead.

The main marketing approach has been to use a third party lead generation company.

The third party approach taken has been selected partly as a result of the lack of a long term funding agreement being in place and partly to take advantage of the experience of an external international lead generation company.

Branding

The branding of INEE reflects the geography of the 7 North East local authorities. There has been some criticism by the business community of the lack of a City Region brand in the manner

more typically used in the UK at present.

It should be noted, however, that the largest agency in England was established with a neutral brand (MIDAS) and has only incorporated the Manchester brand as its City Region status has become established and it is more typical for European agencies to reflect a regional title rather than a City Region title – even when this is less well known than the largest City. This is partly true of Invest in Bavaria (Munich) but certainly true of Invest in Skane (Malmo).

Lead Generation

Leads are generally received through direct enquiries, through DIT and increasingly through generation from the engaged 3rd party lead generation business.

The initial contract was for lead generation, but the long term nature of some of the leads and the resource intensiveness of converting leads into projects has resulted in the contract being extended with the lead generation company also

Current Position



INEE's role with the project generally ends at the point where the project is seeking to establish itself in a known single Local Authority Area – at this point the project is passed on

qualifying the leads and attempting to provide enough background information and discussion to convert the leads into projects for the region.

INEE now takes over the relationship with the identified businesses when it is clear that there is a project identified.

This contract has provided some promising opportunities but after 18 months, and an evolution of the nature of the activity, there has been insufficient time for significant numbers of successes to be secured and as such the value for money of the contract is yet to be fully evaluated. Nevertheless, the contract has already yielded one small success.

Proposals and client handling

INEE has developed client handling material and provides responses to all enquiries that they receive. The quality of the material provided to clients is judged to be of a high standard from a review undertaken.

As part of the process, if required, the relevant local authorities are asked to provide property material. Enquiries are then followed up.

INEE then provides further material as required by the client and pulls together and host visits by the client when the opportunity arises.

Delivery

At the point where the client makes a decision about the location it has selected and the work required is then to ensure that the very specific local questions and any problems are dealt with, the projects are passed to the local authority involved.

INEE's role with the project generally ends at this point.

Investor Development

At present the INEE team have no role in account management / investor development.

Current Position



MIPIM is the annual property exhibition in Cannes, France. It is widely used by development agencies to raise awareness and allow networking opportunities for regional organisations – it is not a strong source of genuine inward investment enquiries outside the property sector

This is undertaken by the local authorities in each area. DIT have provided some funding for account management through the Northern Powerhouse programme and this has helped fund posts but the work is still carried out on a local authority basis with the funding received by INEE allocated to the local authorities.

Team Approach

The role of INEE can be described as part of a team approach to handle investment enquiries to the region. From discussions with the local authorities, this is almost universally seen as the approach and there is a high level of trust of the organisation.

Regional Promotion

The wider economic promotion of North East England is not within the remit of INEE and budgetary pressures have meant that this activity is no longer fulfilled to the extent that it may have been in the past. Any promotion by INEE is targeted and very specifically inward investment

related.

This is not a particular issue in securing inward investment projects – but it may have reduced consciousness of the region as a potential long list option when some companies are considering investment.

MIPIM

MIPIM is the annual property exhibition in Cannes, France. It is widely used by development agencies to raise awareness, allow networking opportunities for regional organisations who attend as part of a delegation, and potentially gain interest in securing property investment into schemes.

There is a second smaller annual event in London.

INEE have not attended / taken delegations to Cannes but have arranged activities in London.

The lack of a joined up North East offer at MIPIM

Chapter 5: Conclusions and Recommendations



Despite the perception of some, the region actually performs reasonably well compared to other parts of the UK.

has caused consternation in the North East especially with property professionals.

The conclusions and recommendations from the work are set out in the table below:

Area considered	Conclusion
Perception	<p>The perception that the North East could be achieving more in inward investment may be correct – but there is little awareness that the region actually secures more investment than its share of UK GVA. As such the region actually performs reasonably well compared to other parts of the UK.</p> <p>In recent years, in keeping with the UK as a whole, project sizes have shrunk – and there have been fewer large scale and high profile investments. The North East has secured smaller than average projects.</p> <p>In terms of INEE, results suggest that it achieves the same cost per job output as the RDA previously achieved and is significantly better value than some other UK agencies – although accepting that it does not ‘claim’ the outputs and as a result, some of the measured outputs are uninvolved successes.</p>

Conclusions and Recommendations



Monitoring of targets ensure performance standards are maintained but will also provide partners with evidence and reassurance concerning the activity of the team

Area considered	Conclusion
Objectives and targets	<p>Objectives, target setting and reporting have not kept up with the shift of INEE beyond the 'concierge service' into the provision of a lead generation service.</p> <p>There is a need for annual targets, and systematic reporting on leads, projects, visits and successes against target.</p> <p>This can help ensure performance standards are maintained but will also provide partners with evidence and reassurance concerning the activity of the team</p>
Governance	<p>The INEE team is contractually part of the NECA. In the future, after the North of Tyne devolution deal is approved, the INEE team's governance across the wider region –will need to be reconsidered to ensure it operate across the 7 local authorities geography.</p> <p>It is noteworthy that the promotion of inward investment is already undertaken on a small geographic area basis in the UK – in France, Germany and other Western European countries the scale of region promoted internationally is significantly larger.</p>

Conclusions and Recommendations



One of the reasons for the lack of longer term marketing planning is the lack of budget clarity on more than a 12 month basis

Area considered	Conclusion
Marketing strategy	<p>There is a need for a marketing strategy that better dovetails with the remainder of the activity in the region. In areas such as Business and professional services there are a number of sub-sectors and a number of different markets to pursue. Ideally resources could be allocated between agencies to each of these to maximise the collective effort of the region.</p> <p>One of the reasons for the lack of longer term marketing planning is the lack of budget clarity on more than a 12 month basis. This is a hindrance although some assumptions could be made at the planning stage. Certainly a longer term budget would be advantageous to the team and its work.</p> <p>The scope of a marketing strategy would need to be maintained.</p>
Branding	<p>There are many different views on branding with many believing that a 'city region' brand is the better approach. This may be the case, but it is undeliverable in the region – and there are many European agencies which promote on a regional identity.</p> <p>Whatever the headline branding, the identity of the major conurbations will always be mentioned within the first paragraph / visual / map etc.</p> <p>There are many ways to improve performance within the current brand.</p>

Conclusions and Recommendations



The work of property professionals is a good analogy in terms of business development activities – with large local and national networks and an approach which sees potential opportunities and tracks down all of the opportunities for investment

Area considered	Conclusion
Lead generation	<p>Success in lead generation is the most important activity for INEE as its performance is evaluated – not least because final project delivery is largely the activity of others.</p> <p>Lead generation requires a business development mindset, large networks and strong lead identification practices.</p> <p>There is a significant shift required to move from ‘concierge service’ to lead generation agency.</p> <p>The work of property professionals is a good analogy in terms of business development activities – with large local and national networks and an approach which sees potential opportunities and tracks down all of the opportunities for investment.</p> <p>Developing local and national networks and maintaining this dialogue to secure leads is a key activity – and those networks will include existing investors (see below).</p> <p>At present a specialist lead generation agency undertake the targeted lead generation activity. There will be a need to evaluate this fully at the end of this year by which time it would be hoped that a proportion of leads have visited the region.</p>

Conclusions and Recommendations



By prioritising clients there would be more time to invest in providing more compelling research and a stronger business case to target clients

Area considered	Conclusion
Proposal and client handling	<p>At present, the leads generated by the specialist lead generation agency are then maintained by that agency in an attempt to ensure that they show further interest and develop a firmer interest (become better defined as a project).</p> <p>By passing this work to an outside agency, in conversation with the client it is likely that the nuances of the opportunities that they may tap into in the North East will be undersold. The intelligence concerning the client's thinking and the sector insights that are gained through the conversation are lost to the Agency. In addition the approach is expensive.</p> <p>It is considered more appropriate that this work converting leads to projects is handled in-house (perhaps through a bought in interim arrangement). This is also considered part of the shift towards a greater emphasis on business development.</p> <p>Proposals are handled professionally – but at present there is a systematic approach to the work which ensures that 100% of enquiries get a response. This is time consuming and there is a risk that this process is the raison d'être of the agency (reflecting the origin as a concierge service).</p> <p>By prioritising clients there would be more time to invest in providing more compelling research and a stronger business case to existing clients</p>

Conclusions and Recommendations



INEE is at a large disadvantage in attempting to secure inward investment for the region without undertaking investor development

Area considered	Conclusion
Proposal and client handling (cont)	<p>(spending time to undertake a non-standard approach) and undertake more business development activity.</p> <p>This shift – and the greater emphasis on performance management measures – ensures that the objective of the team is to win significant projects rather than focus on a system that delivers proposals to 100% of enquiries.</p> <p>The shift is seen as analogous to professional services firms who need to prioritise tenders to those that they can win – and set aside those that require significant resource with a low chance of success.</p>
Delivery	<p>Delivery is the strength of the current service. With more prioritisation, there would be a greater amount of time available to research, visit, plan and ensure that no stone is left unturned in the pursuit of the priority projects.</p>
Investor development	<p>INEE is at a large disadvantage in attempting to secure inward investment for the region without undertaking investor development.</p> <p>The investor development activity is not entirely about ensuring the longevity of the existing investor – it is also about identifying and helping with more opportunities from that business, more ideas and sector</p>

Conclusions and Recommendations



The team approach can now be leveraged to an even greater extent to ensure that collective and more coordinated marketing plans are in place

Area considered	Conclusion
Investor development (cont)	<p>intelligence of other investors and a further relationship that can be part of the business network of the region in securing more investment.</p> <p>The best performing inward investment agencies undertake investor development.</p> <p>Ideally, INEE would undertake some of this activity in the region to add to resource and share findings. In some cases there may be a case for two people meetings (local authority and INEE) and in all other cases there is a need for local authorities to see their investor development relationships as being carried out for the region – sharing intelligence and using the relationships to extend knowledge and business networks.</p>
Team approach	<p>The team approach has been well established within the region. This team approach can now be leveraged to an even greater extent to ensure that collective and more coordinated marketing plans are in place; that the targets and performance of INEE are shared, understood and to some extent collectively owned; the team approach can also help gather investor development intelligence; INEE can also create a larger repository of regional information, presentations and research for others to use – in the way that this is undertaken in Leeds.</p> <p>What is clear, however, is that there is a need for an equitable strong relationship with each of the 7 local authorities.</p>

Conclusions and Recommendations



General regional promotion is expensive, does not directly lead to investment and is not proposed as part of this work

Area considered	Conclusion
Team approach	The collective resource of the organisations could be powerful in extending the inward investment activity of the region.
Regional promotion	<p>There is a risk that the perception of the region not punching its weight in inward investment is partly as a result of a lack of regional promotion of the type that was undertaken during the activities of the RDA.</p> <p>This promotion is expensive, does not directly lead to investment and is not proposed as a recommendation from this work. There is an opportunity, however, to report more detail on inward investment performance to key stakeholders.</p>
MIPIM	MIPIM is not an event at which inward investment leads are generated – but it is an event at which the wider regional stakeholders would wish to see a cohesive region. Criticism of the inward investment effort has been conflated partly because of the low profile / lack of joined up activity at MIPIM. This is not seen as a core activity of INEE – but it is something that the region may wish to consider given the prominence that it has in the minds of many of the larger business stakeholders in the region.

Conclusions and Recommendations



One of the major shifts recommended in this report is that INEE takes a more business development approach

What is meant by business development?

One of the major shifts recommended in this report is that INEE takes a more business development approach.

Within the context of inward investment this would involve an emphasis on developing trusted business relationships within and outside the region, understanding investment opportunities that might arise from sector trends or large business decisions and then chasing down potential interest wherever this materialises.

These trusted relationships, importantly, should include relationships with existing investors who can be a rich source of business intelligence.

This proactive work is intended to ensure that contacts always think of INEE when a potential opportunity presents itself and pass the intelligence to the organisation – and that the mindset of the team is that the first priority is to follow up on all possible areas of interest.

This is a shift from the original function of the team which was established to provide a case handling ('concierge') service.

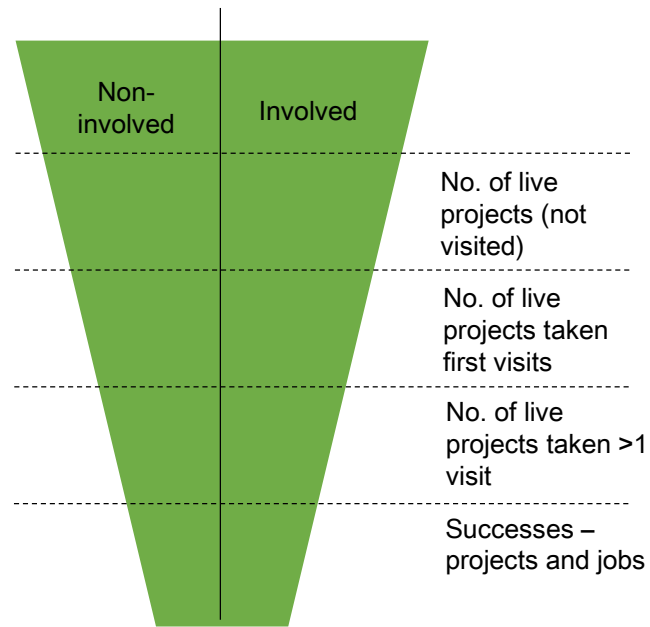
Conclusions and Recommendations



It is considered useful to prioritise attention on projects partly by scale (jobs) and the likelihood of success

Measurement of success

It is recommended that activity is reported and assessed against a number of measures which reflect the typical client engagement process. A suggested scorecard is suggested as follows within a typical sales funnel:



Prioritisation

It is considered useful to prioritise attention on projects partly by scale (jobs) and the likelihood of success. Projects can therefore be highlighted according to jobs and the position in the sales funnel – with maximum attention and reporting seeking to convert those in the top right of the matrix below:

Project visited > once			
Project visited once			
Project (not visited)			
			Jobs

Conclusions and Recommendations



Consideration needs to be given to the contractual status of INEE team when the North East LEP area contains two Combined Authorities

The result of this work is that 10 core recommendations emerge:

1. Consideration needs to be given to the governance of the INEE team when there are two Combined Authorities within the North East LEP area. This needs to be done in the context of setting medium term certainty of budget and with knowledge of each Combined Authority's inward investment intentions.
2. INEE is given clear targets for lead generation and project delivery to ensure that it is accountable, that its value is demonstrable, the on-going performance is visible to all and to ensure that the team is clear on how it is evaluated. These measures should be monitored twice a year.
3. The organisation shifts its focus towards business development. Lead generation is the most important measure for an umbrella agency. This will require, most importantly, a shift in mindset. It will also require building more local and national networks, a shift in the way in which investor development is undertaken and a more hands on approach to dealing with leads generated by the lead generation agency.
4. A shift in the lead generation agency approach should allow additions to the in-house team with a business development post seeking to convert leads into projects and employment.
5. Any further resource available to the INEE team would focus on business development for a sector. In an ideal structure each sector would have a sector lead specialist who creates the local and national networks and works with a third party lead generator or undertakes the work themselves.
6. The provision of proposal and client handling is prioritised to give 100% commitment and to think laterally about the highest priority clients but not to provide a response to enquiries with a low likelihood of success. There is a need to secure larger projects for the region. The focus of the team to win projects and hit targets is then reinforced.

Conclusions and Recommendations



Ideally a small team would be made up of / or work with business development managers for each sector if the resource were available

7. There is a need to work more on investor development activity. This is the single most important shift that could be undertaken – all of the most successful inward investment agencies ensure that investor development is integrated with business development. Engagement with local businesses does not simply raise opportunities within that business but provides sector intelligence and also potential investment from suppliers or others within the industry.

It could be, that INEE jointly visits some businesses with the relevant local authority – or to maximise the use of limited resources that Invest NE England undertakes some visits but on a completely open book basis with the local authority involved.

8. There is a need for a better integrated marketing plan for the region. There are more than enough markets and sub-sectors for INEE to add value to the North East collective effort without having any impact on the work of others.
9. The work that has been undertaken in

strengthening the team approach can be taken further. With clear accountability and through sharing more proposals and research the value that INEE brings can be demonstrated. In return, more working together on investor development and an understanding of the need to prioritise can assist in securing more and larger projects.

10. All 7 local authorities and both combined authorities must 'sign up' to the provision of the agreed Agency provision for a medium term, not less than 3 years.

Resourcing

In terms of budget and resource, as a minimum, shifting lead generation agency follow up work in-house to create a business development position and prioritising projects to also create some business development resource is considered beneficial.

Ideally a small team would be made up of / or work with sector lead specialists if the resource were available. This

Conclusions and Recommendations



In the immediate term, it is assumed that the team would not expand beyond one sector lead per sector

is in addition to the current resource of INEE. The funding for one of these posts could be funded by reducing the scope of the specialist outsourced lead generation agency (assumed by 50%).

In the immediate term, it is assumed that the team would not expand beyond one sector lead per sector – and nor does the current inward investment market suggest that more resource beyond this level would increase success. There may be opportunity to utilise the sector lead posts within the North East LEP.

Targets are based on the MIDAS / Invest Bristol and Bath metric of 8 projects per hands-on employee. In this model we have assumed 4 projects for the Senior Manager.

A resourcing model and targets is therefore shown overleaf

Conclusions and Recommendations



Various incremental resourcing and budget models were considered. At less than £750,000 the most aggressive expansion considered is significantly less resource intensive than some other English agencies

On this basis, variations of a budget are shown in increments with the associated targets for involved successes.

	Current	Reshaped	Additional resource 1	Additional resource 2	Additional resource 3
			+1 Staff	+2 staff	+3 staff
Salaries	£162,000	£162,000	£162,000	£162,000	£162,000
Additional Staff		£58,500	£117,000	£175,500	£234,000
Staff Training	£2,000	£2,000	£2,000	£2,000	£5,000
National travel and subsidence	£10,000	£15,000	£17,500	£20,000	£22,500
Professional consultancy	£20,000	£15,000	£15,000	£15,000	£30,000
Visit and Hospitality	£10,000	£12,500	£12,500	£12,500	£15,000
Memberships	£5,000	£5,000	£5,000	£5,000	£5,000
Web, Telecoms	£10,000	£10,000	£10,000	£10,000	£10,000
Marketing	£100,000	£100,000	£100,000	£100,000	£100,000
Lead Generation (All)	£110,000	£55,000	£55,000	£55,000	£110,000
Proposition Refresh	£10,000	£6,000	£6,000	£6,000	£10,000
Procurements	£4,000	£4,000	£4,000	£4,000	£5,000
Research resource licences	£20,000	£20,000	£20,000	£20,000	£20,000
	£463,000	£465,000	£526,000	£587,000	£728,500
Per person target	8				
BD Staff	1.5	2.5	3.5	4.5	5.5
Target (projects)	12	20	28	36	44
Target (jobs) ¹	420	700	980	1260	1540

¹Target job figure based on 2017 average FDI project size for new UK projects of 35 jobs per project.

Chapter 6: Incentives



Under the State Aid Regional Aid Block Exemption specific regions of each country are able to offer incentives up to a specific ceiling based on the percentage of the capital investment by the business

Introduction

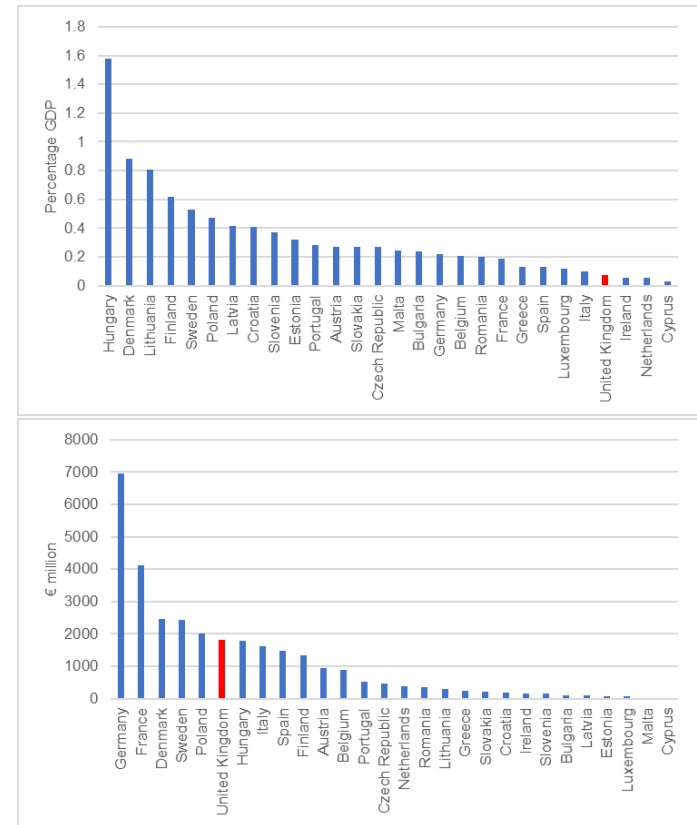
In order to secure inward investment projects it has become reasonably common to offer grants and other financial incentives to businesses. This is the case internationally.

For larger scale company investment decisions, it is likely that the grant & incentive position will be one of the categories discussed with the local investment agency.

Across the EU, the incentive frameworks permissible have been enshrined in the State Aid legislation. Incentives for inward investment have generally been offered under the Regional Aid Block Exemption – a framework that allows specific regions of each country to offer incentives up to a specific ceiling based on the percentage of the capital investment by the business.

The scale of funding provided is illustrated in the graphs opposite.

Incentives provided under the General Block Exemption – as a percentage of GDP and absolute amounts



Incentives



The coalition government of 2010 onwards abolished SFIE and effectively replaced the scheme with the Regional Growth Fund (RGF). This scheme was based on calls for projects at specific points in time and as a result was less suitable for inward investment projects

UK Recent Past

Despite the relatively large amounts of funding provided under the General Block Exemption in the UK, there has been a reduction in the number of grant schemes available for investors.

Until 2012 the UK operated grant schemes under the Regional Aid Block Exemption. This allowed public agencies to provide funding to investors under the Regional Selective Assistance / Selective Finance for Investment in England (SFIE) in the assisted areas of the UK. This was widely used in the North East of England.

The coalition government of 2010 onwards abolished SFIE and effectively replaced the scheme with the Regional Growth Fund (RGF). This scheme was based on calls for projects at specific points in time and as a result was less suitable for inward investment projects which required a timetable for grant funding to suit their decision making.

Scotland, Wales and Northern Ireland retained

(and still retain) the ability to provide regional aid to projects on a project by project basis and at a timetable to suit the decision making of the investor.

In England, RGF was subsequently abandoned and at present no national grant scheme exists.

The General Block Exemption regulations themselves have also been tightened within the European State Aid legislation. At present the funding of expansion / reinvestment by large enterprises in a single location has been restricted within the legislation.

England current position and potential changes

The lack of a national grant scheme for inward investment has been viewed by some LEPs as a disadvantage to their competitive offer. Some LEPs have introduced grant schemes generally (although not exclusively) using City Deal funding. A full list of grant schemes published by LEPs is shown in Appendix 1.

Incentives



There is no doubt that the competitive position of England compared to the Devolved Administrations (Scotland, Wales and N. Ireland all have grant schemes) and other European countries has diminished

It is clear from the list shown in Appendix 1 that relatively few LEPs have chosen to operate a published scheme. It is also apparent, however, that other LEPs and interventionist local authorities will provide funding for priority projects when the need arises. It is understood that this is the case in the Tees Valley.

Central Government has also intervened in occasional specific cases using a mechanism called Exceptional RGF – but this requires Ministerial approval to be granted.

The Government has shown little appetite to develop a new English regional aid based grant scheme. It has also stated that State Aid rules will continue to be applied in their current form after Brexit (even in the event of a no deal).

At the same time, the retention of business rates by local authorities in order to help fund their activities may create an environment where local authorities take an interventionist approach by offering incentives in return for a future income stream of business rates from a new investor,

English Competitive Position

There is no doubt that the competitive position of England compared to the Devolved Administrations (Scotland, Wales and Northern Ireland all have grant schemes) and other European countries has diminished from the perspective of an ability to provide grant funding.

The extent to which this position, in reality, diminishes the competitiveness of England to secure inward investment is a point of contention. The use of grant funding as a primary attractor for business has not been an approach used in inward investment in the UK for many decades. Clearly when trying to secure projects in competition against other areas however, all other things being equal, it is likely that some projects will favour a location where funding is available.

The availability of grant funding in one location in England compared to another may also be the point of differentiation which is required to secure a project and there is concern that Tees Valley

Incentives



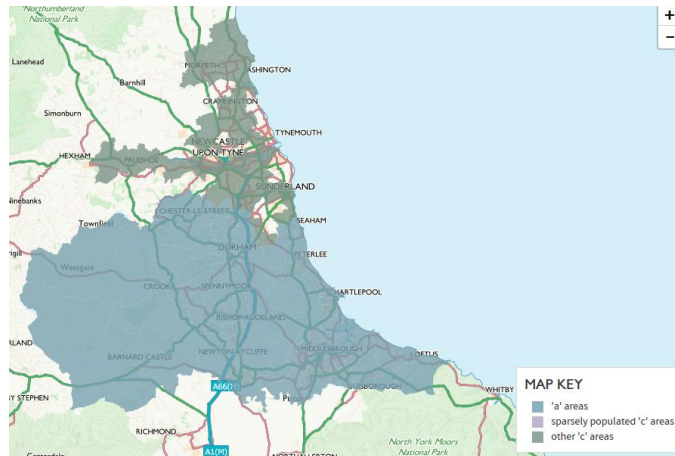
The potential of at least some incentives can be important to ensure that the North East is not excluded at the 'long-listing' stage of an investor and that the area has the chance to secure projects based on its own merits

has used such an approach successfully in the recent past. North East England often competes with other agencies for investment projects.

The North East LEP area

There is no 'standard' incentive scheme offered across the North East LEP area although State Aid Legislation and the UK Assisted Area map would provide an ability to intervene using the Regional Aid Block Exemption should parties wish to create a scheme.

North East England and UK Assisted Areas



It is recognised that it is unlikely that the North East LEP or partners have the funding or the inclination to create a 'standard' incentive scheme.

At the same time, some investors will short list locations according to factors including grant schemes.

Some incentives are available in North East England such as the ability to apply for R&D related grants under Innovate UK programmes. As such it should be possible under most circumstances to include wording within a proposition which alludes to the possibility of grant support for some projects although highlighting that this is highly selective and is judged on a case-by-case basis.

The intention of using such wording is to ensure that the North East is not excluded at the 'long-listing' stage and that the area has the chance to secure projects based on its own merits when a business has undertaken a thorough short listing exercise.

Incentives



Grant funding should never be the reason for a business making an investment decision – but for major projects considering two similar competing regions they are often a consideration for the business

Exceptional Projects

It is considered useful, given the assisted area status of much of the North East, that a policy position is established between partners on the incentive response in the event that a large 'strategic' project considers the area.

Such an agreed grant funding package may never be required to attract a new investor, but an agreed position can assist discussions with an investor if this is required.

Appendix 1: LEP based incentive schemes

The table below summarises the grant position set out on the LEP website (ignoring micro funding schemes). It should be noted that Scotland, Wales and Northern Ireland have substantial schemes and that some LEPs will also provide funding for large scale projects outside of their stated position.

LEPs	Grants
1 Black Country	Growth deal with funding - no clear capital grant programme
2 Buckinghamshire Thames Valley	Very small capital growth fund (£2m)
3 Cambridgeshire & Peterborough	Small grant scheme entirely focused on agri-tech (£3.2m)
4 Cheshire & Warrington	Revolving Life Science Investment Fund (£10 million)
5 Coast to Capital	No clear grant funding available
6 Cornwall & Isles of Scilly	No clear grant funding available
7 Coventry & Warwickshire	No clear grant funding available
8 Cumbria	No clear grant funding available
9 Derby, Derbyshire, Nottingham, Nottinghamshire	No clear grant funding available
10 Dorset	No clear grant funding available
11 Enterprise M3	No clear grant funding available
12 Gfirst	No clear grant funding available
13 Greater Birmingham & Solihull	No clear grant funding available
14 Greater Lincolnshire	Greater Lincolnshire Growth Fund will provide up to £500k for priority sectors
15 Greater Manchester	No clear grant funding available
16 Heart of the South West	No clear grant funding available
17 Hertfordshire	No clear grant funding available
18 Humber	The Humber LEP will provide up to £500k for SME investment projects
19 Lancashire	No clear grant funding available
20 Leeds City Region	Grants from £10,000 to £250,000 are available to create new jobs and business growth
21 Leicester & Leicestershire	No clear grant funding available
22 Liverpool City Region	Strategic Investment Fund operates on a call fro projects basis
23 London	No clear grant funding available
24 New Anglia	Finance support includes grants from £1,000 to £500,000 to support business development and growth
25 Oxfordshire	No clear grant funding available
26 Sheffield City Region	No clear grant funding available
27 Solent	Small & Medium business support programmes of up to £500,000
28 South East	No clear grant funding available
29 South East Midlands	No clear grant funding available
30 Stoke-on-Trent and Staffordshire	No clear grant funding available
31 Swindon & Wiltshire	No clear grant funding available
32 Tees Valley	Not clearly advertised support
33 Thames Valley Berkshire	No clear grant funding available
34 The Marches	No clear grant funding available
35 West of England	No clear grant funding available
36 Worcestershire	No clear grant funding available
37 York, North Yorkshire and East Riding	Very small capital growth fund (£2m)

Appendix 2: Consultees

The table below shows the consultees involved in the project.

Andrew Tate	Gateshead Council
John Hildreth	Arch
Catherine Walker	Invest Newcastle (NGI)
Sean Collier	North Tyneside Council
John Scott	South Tyneside Council
Tom Hurst	Sunderland city Council
Peter Rippingale	Business Durham
Martin Swales	South Tyneside Council
Tas Baqir	DIT
Charlie Hoults	Hoults Yard
John Marshall	NGI
Adam Serfontein	Hanro Group
Julie Underwood	North of England Chamber of Commerce
Heidi Mottram	Northumbrian Water / North East LEP Board
Andrew Hodgson	North East LEP Board
Andrew Moffat	Port of Tyne / North East LEP Board
Helen Golightly	North East LEP
Mark Thompson	Ryder Achitecture / NELEP Board
David Furniss	BNP Paribas / Developing Consensus
Jonathan Wallace	Lichfields / Developing Consensus
Chris Fraser	Independent inward investment advisor
Guy Currie (and team)	Invest NE England

Appendix 3: Performance statistics of Invest NE England

The following performance statistics were provided by Invest North East England:

Local Authorities	Total FDI Projects 2014 - 2018	Total FDI Jobs 2014 - 2018	Total UK Projects 2014 - 2018	Total UK Jobs 2014 - 2018	New FDI in to the area (FDI projects excl reinvestment)	New FDI Jobs in to the area (FDI jobs excl reinvestment)
North Tyneside	32	3169	7	248	8	642
Sunderland	58	3131	21	1685	4	57
South Tyneside	12	406	26	129	3	30
Durham	35	1314	11	2074	3	70
Newcastle	52	1928	23	775	28	766
Gateshead	38	1484	11	164	6	36
Northumberland	34	374	11	328	9	188
	261	11806	110	5403	61	1789
					23%	33%
Invest North East England***	10	709	7	184		
* from 2014 - 2018 nearly 80% of successful FDI projects have come from re-investment						
**from 2014 - 2018 nearly 70% of jobs created by FDI projects have come from re-investments						
*** projects which INEE have been directly involved in (on the INEE pipeline); these figures are INCLUDED in the Local Authority stats						

	Total No of projects	Total ACTIVE projects	Total ON HOLD projects	No of projects where a visit has taken place	No of projects where a SECOND visit has taken place	Of Active projects where companies have visited - estimated No of Jobs
Current Pipeline (21.09.2018)	171	123	48	36	10	3753

Appendix 4: Glossary

DIT – Department for International Trade
ERDF – European Regional Development Fund
FDI – Foreign Direct Investment
GVA – Gross Value Added
IBB - Invest Bristol and Bath
INEE – Invest North East England
NECA - North East Combined Authority
North East LEP – North East Local Enterprise Partnership
RDA – Regional Development Agency
RGF – Regional Growth Fund
UKTI - UK Trade and Investment (UKTI)

Mickledore 2018

ITEM 7: Brexit preparations

1. Purpose of Paper

- 1.1 The North East Brexit Group, led by the North East LEP, was formed to provide a collective voice for the region in order to contribute to the ongoing national dialogue around the UK leaving the European Union. It includes networks representing businesses, education, trade unions, local authorities and voluntary organisations.
- 1.2 The group has monitored and prepared evidence about economic issues and the views, experiences and response of business, education and other organisations in the North East LEP area as the UK moves through the Brexit process aiming to ensure that a clear and co-ordinated North East voice is heard. In this work the group has met with a range of North East partners, provided reports and responded to consultations and briefed both Ministers and Civil Servants.
- 1.3 Although there remains considerable uncertainty about the future shape of Brexit, with a number of possible scenarios, the group is now moving into a second phase of work to ensure that advice and support is given to North East businesses and residents as the detail of changes emerge, and that thinking is done about other key issues germane to the negotiations about the future relationship which will follow withdrawal.
- 1.4 This report aims to set out the work that has been carried out to date and seek views on future priority issues.

2. Work to date

- 2.1 Since forming, the North East Brexit Group has collectively undertaken a range of evidence gathering activities and positioning pieces, including:
 - Published a response to the Migration Advisory Committee Call for Evidence in October 2017. The group's response informed the evidence base used in the final MAC report which was published in October 2018 proposing a new migration policy for the UK post Brexit. The statement is on the North East LEP website.
 - Published a key messages statement on what our regional priorities are to inform Brexit negotiations, which is available on the North East LEP's website. The emphasis of the key messages statement is that the North East is open for business; seeks a strong ongoing relationship with the EU including frictionless trade and access to the single market and needs Government to develop a range of new policies for the post-Brexit period in areas including labour migration and regional investment funds.

- Published a meta-analysis of reports and studies examining the impact of Brexit on the North East economy and its key sectors. The report highlighted that the North East is likely to be the most exposed area of the country should there be a no deal scenario and concluded that Brexit is impacting the business community in three distinct phases - investment or contracting decisions that have already taken place; decisions being taken on a risk management basis; and for many businesses, they are yet to start planning, and their decisions will flow from the final outcome.
- The report also highlighted opportunities across the North East key sectors including 'home-shoring' supply chain activity and maximising the benefits of new flexibilities around administration and targeting of funding.
- The impact on the rural economy and rural businesses were highlighted in the sector report, and to gain a better understanding of these issues, the group held a rural roundtable discussion to further explore the impact of Brexit. Sector representatives were invited including the Forestry Commission, Environmental Agency, the Centre for Rural Economy, NEFRAN and Northumbrian Water.
- Responded to the All Party Parliamentary Group (APPG) inquiry into post-Brexit funding, specifically the UK Shared Prosperity Fund. The APPG received 80 submissions, and the North East Brexit Group was one of the submissions made on behalf of a large coalition of partners. The report makes a number of recommendations to the UK government to influence UKSPF proposals, which are expected to be set out in a consultation towards the end of the year. Our response will help form the basis of our response to this consultation.

3. Future work plan – preparing for the next stage of negotiations

- 3.1 The group has developed a rolling work programme that responds to current possible scenarios, in particular the agreement of the current deal negotiated by the Prime Minister and the possibility of a 'No Deal' outcome. It is focused on four themes including; influencing the content of negotiations; developing compelling propositions to Government for support, given the scale of challenges faced by the North East; infrastructure preparedness; and business messaging.
- 3.2 Current work streams that are being delivered by the group include:
- I. The Migration Advisory Committee published its final report on European Economic Area (EEA) Migration in October 2018. It made a number of significant proposals for a new scheme including proposals for the types of posts and levels of income associated with posts, which would imply tighter visa rules. Building on its response to the earlier call for evidence, and the evidence that this is an area of particular concern for employers across the economy, the Brexit Group is delivering a survey to understand business perceptions about specific proposals and recommendations highlighted in the report, specifically to understand the proportions of staff that would be

affected by the proposed changes to the migration rules. The online survey which will be disseminated across key business networks and membership organisations to capture intelligence. This information will be used to inform the regional response to the White Paper that is likely to be published in early 2019.

- II. Businesses have voiced concerns about what the final deal will include, and the implications of a no deal outcome, specifically the likelihood of rising tariff costs and changes in the dynamics of their supply chains. In order to mitigate some of these issues and reduce trade risks in the shorter term, the group is currently scoping a research proposal into alternative trade mechanisms such as Free Trade Zones and bonded warehouses. This piece will look to bring together regional parties to understand benefits and risks across different proposals.
- III. The sector study report highlighted that many North East businesses have not prepared for Brexit due to uncertainties of what the final deal will encompass. The group has worked with the LEP Business Growth team to develop a toolkit for businesses to access relevant materials and resources to increase their preparedness and to create a fund to support small businesses to take advice. The toolkit is now live on the North East Growth Hub. The North East LEP is the first LEP to provide a single source for Brexit information and guidance. The group will update and signpost further content for the toolkit as scenarios become clearer taking advantage of the work of member organisations, for example legal advice and insights prepared by Square One Law for the FSB highlighting key areas for businesses to consider and the North East England Chamber of Commerce has produced a video.
- IV. The final Brexit deal is likely to impact how the region currently trades with Europe, and the group are engaging with key infrastructure organisations to gauge preparedness, in particular key transport gateways. This will enable feedback to Government about mitigation actions in different Brexit scenarios.
- V. With Invest North East England and the Chamber of Commerce, work is proposed to understand different inward investment and financial incentives, and schemes such as the Export Finance Guarantee Scheme to help reduce risk for companies (e.g. where contracts are shorter than leases or if companies are facing export risks) and strengthen our inward investment and trade support. Through the Strategic Economic Plan, a proposal for a strengthened internationalisation strategy will be delivered working with the Combined Authorities and the Department for International Trade.
- VI. Post-Brexit, the number of formal links and informal relationships with Europe will be reduced or lost all together and a number of important programmes such as Horizon 2020 and Erasmus are subject to negotiation. With the North East MEPs office, the group have mapped current engagement between the North East and the EU to understand both formal and informal networks and relationships to determine a strategy for preserving North East influence and engagement. Meetings have also been held with Scotland Europa, and the Norwegian and Swiss permanent representation, to

understand how regions from these non-EU members engage with EU programmes and what they have prioritised in their ongoing relationships.

Key discussion points included targeting a number of important programmes into which access could be negotiated including Horizon 2020, Erasmus and the Inter-regional co-operation programmes (for example the Inter-reg North Sea programme) as well as learning oriented co-operation with programmes like ERDF and Leader. It was recommended that the North East should develop an active plan to ensure these, and potentially other activities, are built into the future plan and that there was a need to project the North East as an engaged partner through the transition period.

4. Recommendation

4.1 The Board is asked to:

- Note the content of this report
- Comment on the proposals for practical action being taken by the Brexit Group

29 November 2018

**ITEM 9: Regional Governance and
Collaboration**

1.0 Background

1.1 On 2 November 2018, the North of Tyne Mayoral Combined Authority was created covering the three local authorities of Newcastle, North Tyneside and Northumberland. The North East Combined Authority boundary was therefore reduced to cover the four local authorities of Durham, Gateshead, South Tyneside and Sunderland. The North East LEP remains at a geography of the seven local authorities as shown in appendix one.

It is important that the regional partnership working and collaboration between the public and private sectors continues to be strong. This paper therefore proposes how we can strengthen the governance arrangements to ensure strong partnership working in the region. The paper also provides an update on other LEP governance matters.

2.0 LEP Governance

2.1 The North East LEP Board – Public sector vice chair

The North East LEP Board is chaired by a private sector member and has two vice chairs; one private and one public sector. The North East LEP has a public sector vice chair vacancy. It is proposed that the LEP Chief Executive liaises with the LEP Board public sector members for a nomination to this role.

2.2 The North East LEP Board – Private sector member recruitment

The LEP Constitution recognises the need for good governance and sets out defined Board member terms and the requirement for 'not more than one third of non-local authority members shall end at the same time'. The Board has also previously agreed that it is good governance for LEP Board members to undertake the role for no more than two consecutive three year terms. To enable a managed rotation, the Board should seek to replace two private sector Board members. It is proposed that this is triggered once a response from Government is received confirming the gender balance issues which were raised in the North East LEP's response to Government on the LEP Review Implementation. It is proposed that the shortlisting and interview panel is undertaken by the Chair and two Vice Chairs, which is the format used previously.

Government are also encouraging LEP Boards to have a VCS champion. The Board is asked to consider whether the recruitment should progress with the intent of securing a lead VCS member as one of the two new Board members.

2.3 The North East LEP Advisory Boards

The North East LEP has four advisory boards. These are:

- Investment Board
- Employment and Skills Board
- Innovation Delivery Board
- Business Growth Board

The current membership is shown in appendix two.

To date, the Advisory Boards have had a minimum of one public sector member to represent the seven local authorities. It is now proposed that each of the four Advisory Boards have one representative from both combined authority areas.

2.4 The North East LEP Task and Finish Groups

It is also appropriate from time to time for the LEP to establish time limited groups. Representation on these groups varies, but if appropriate to have public sector membership, then a representative should be sought from each combined authority area. Current examples include, the Brexit Group, the SEP Update Steering Group and the Local Industrial Strategy Board, all of which already have representation from each combined authority area.

2.5 Strong business and third sector partnership

It is also worth noting that the LEP currently has a strong partnership with the business representative organisations and the third sector, who are represented on the Advisory Boards as appropriate. The LEP Executive Team also works closely with the business organisations and third sector leads on a number of issues and projects.

3.0 Company Limited by Guarantee

3.1 Background

On 25th May 2017, the North East LEP Board agreed that the Executive Team could begin exploring setting up a Company Limited by Guarantee to sit alongside the current arrangements. This would not replace the North East LEP's voluntary partnership model with an accountable body but a vehicle to sit alongside to enable additional funding to be secured.

On 27th July 2017, the North LEP Board agreed to:-

- (i) Establish a company limited by guarantee to sit alongside the current LEP model to be responsible for procuring external funding and the delivery of specific projects in furtherance of the SEP; and
- (i) Delegate final approval of the company structure to the Chair and Vice Chair of the LEP Board and Vice Chairs of NECA in consultation with the NECA Monitoring Officer and Chief Executive of the LEP.

The NECA Leadership Board confirmed the LEP decision and delegated authority to the Head of Paid Service (in consultation with the Monitoring Officer and Chief Finance Officer) to all steps necessary to establish the Company.

On 12 March 2018, a Delegated Decision was taken by the NECA Head of Paid Service (incorporating the decision of the Chair and Vice Chair of the LEP Board) to

agree the constitutional documents for the new Company and authorise its incorporation. The company limited by guarantee was incorporated on 23 April 2018, with Company Number 11323742. The North East Growth Company is a not for profit Company Limited by Guarantee for the purpose of attracting funding where the LEP is currently precluded from applying or bidding for as a public body. The Company was initially incorporated with four Directors - Helen Golightly, (the Chief Executive of the North East LEP), Patrick Melia, on behalf of the Head of Paid Service of NECA (in his capacity as Deputy Head of Paid Service), Peter Judge, NECA Monitoring Officer and Paul Woods, NECA Chief Finance Officer. The Monitoring Officer also serves as Company Secretary. Three vacancies for directors remain on the Company Board. The Articles of the Company prescribe that these three directors must be nominated by the North East LEP and notified to the Company in writing.

3.2 Proposal

The North East Growth Company was created as a vehicle capable of applying for and receiving funding from bodies which the LEP itself, as an unincorporated Public Private Partnership, would not have been eligible to apply for. The Board has a majority of four members drawn from the LEP (three LEP Board members and the LEP Chief Executive) plus the three Chief Officers from NECA to ensure that the accountable body responsibilities of NECA are also considered. The North East Growth Company has now been established as a not for profit company set up for the purpose of attracting funding and these restrictions have been written in the company's articles. To fully populate the Company Board, this proposal seeks the nomination of three members of the LEP Board to fill the remaining director vacancies. It is anticipated that only a small number of board meetings will be required (we assume a maximum of quarterly meetings) although we anticipate the Board members will be invited to comment upon and sanction bidding opportunities between meetings if required. When the NECA Leadership Board considered this matter it was anticipated that the Chair and two Vice-Chairs of the LEP Board might wish to take up these vacancies, but it is a matter for the LEP Board who they wish to nominate. The second Vice Chair position of the LEP Board remains vacant at present but is also proposed to be filled as part of this paper. The Company Board will be required to consider the capacity of the organisation to deliver projects, noting the aims of the company are to identify gaps in delivery not displace existing delivery, and to deliver regional activity to deliver the strategic economic plan. It is registered with Companies House and will produce accounts and an annual return each year. Research suggested that having corporate members would disqualify the company from obtaining funding from the target funding sources and therefore only individuals will be Members of the Company. All of the Members of the Company will also be Directors of the company to keep the structure simple. The purpose of the company and therefore the North East Growth Company Board will be to help to achieve the objectives set out in the North East's Strategic Economic Plan and therefore will be required to report to the North East Local Enterprise Partnership Board on a yearly basis.

It is therefore recommended that the Board agrees that the Chair and two Vice Chairs of the LEP Board fulfil these Directors positions.

4.0 **North of Tyne Combined Authority Governance**

4.1 Cabinet

The North of Tyne Combined Authority Cabinet report dated 8 November 2018

stated that the Cabinet will nominate a representative of the North East LEP and a substitute member. These would be non-voting Cabinet member positions. It is therefore recommended that Andrew Hodgson be the North East LEP representative on the Cabinet and Mark Thompson acting as substitute.

4.2 The Vision – Home of Ambition North of Tyne

The North of Tyne Combined Authority has published their vision document, which sets out six pillars. These are:

- Champion of enterprise - Securing the investment for sustained growth and prosperity to create opportunities and reduce inequalities.
- Leaders of tomorrow - Driving up educational standards to deliver inclusive prosperity.
- Hotbed of talent - Giving everyone the opportunity to thrive.
- Spark of innovation - Supporting research, business growth and entrepreneurialism.
- Network of connections - Improving our transport and investing in faster digital infrastructure.
- Pride of place - Communities that inspire and places where people want to live.

The North East LEP Executive and Board members wish to work closely with the North of Tyne Combined Authority and will therefore formally request that the North East LEP is also represented on the governance structure that supports the Cabinet to deliver this vision and reciprocates the arrangements set out in paragraph 2.3 above.

4.3 Mayoral Combined Authorities (MCAs) and LEP's roles and responsibilities

The LEP Review requires MCAs and LEPs to develop and publish an agreement setting out of roles and responsibilities to provide clarity in partnership working and for the communities they serve. The North East LEP will work with the North of Tyne MCA to produce this agreement to be considered at the next LEP Board.

5.0 North East Combined Authority (NECA) Governance

5.1 Leadership Board

The North East Combined Authority requests the North East LEP to nominate a representative of the North East LEP and a substitute member to be a non-voting member of the Leadership Board. Andrew Hodgson is the current member and Gillian Hall is the current substitute

5.2 Delivering the NECA vision

To reciprocate the arrangements set out in paragraph 4.2, the North East LEP Executive and Board members also wish to work closely with NECA, and will therefore formally request that the North East LEP is also represented on the governance structure that supports the Leadership Board and delivery of its vision

5.3 Partnership working between the North East LEP and North East Combined Authority

The LEP Review does not require Combined Authorities (CAs) and LEPs to develop and publish an agreement setting out our roles and responsibilities in the same way it is required for MCAs. However, it is important that our strong partnership working and collaboration continues. It is therefore proposed that the North East LEP and NECA also develop and publish an Agreement to provide clarity and transparency within the region. The North East LEP will seek agreement from NECA to progress this.

6.0 **Executive level arrangements**

6.1 The Board is asked to also note that the LEP Chief Executive is a member of the LA7 Chief Executives Group and the LA7 Economic Directors Group, which will provide the opportunity to work alongside the local authority senior executives to deliver the Strategic Economic Plan (SEP) and the Local Industrial Strategy (LIS), as well as other strategic regional matters.

The LEP Chief Executive also meets regularly with the business representative organisations to listen to the business community and collectively deliver the economic growth ambitions of the SEP and the LIS.

7.0 **Recommendations**

7.1 The Board is therefore recommended to:

1. Authorise the LEP Chief Executive to liaise with the LEP Board public sector members for a nomination for the vice chair role.
2. Agree to recruit two new private sector members, with the shortlisting and interview undertaken by the Chair and two Vice Chairs.
3. Authorise the LEP Chief Executive to liaise with both combined authorities to nominate a representative from each to be a member on each of the four Advisory Boards.
4. Note the LEP's intention to seek representation from each combined authority area on ad hoc task and finish groups.
5. Agree that the Chair and two Vice Chairs of the LEP Board fulfil the three Director positions with the North East Growth Company.
6. Agree that Andrew Hodgson be the North East LEP representative on the North of Tyne Combined Authority Cabinet and Mark Thompson will act as the substitute member.
7. Note the intention to seek North East LEP Executive and/or Board member places on the North of Tyne Combined Authority governance structures to support the delivery of the six pillars to reciprocate arrangements with the LEP governance model.
8. Note the intention to develop and publish an Agreement between the North of Tyne MCA and the LEP as required by the LEP Review.
9. Agree that Andrew Hodgson remains the representative from the North East LEP as the LEP member on the North East Combined Authority Leadership Board

and Gillian Hall remains the substitute.

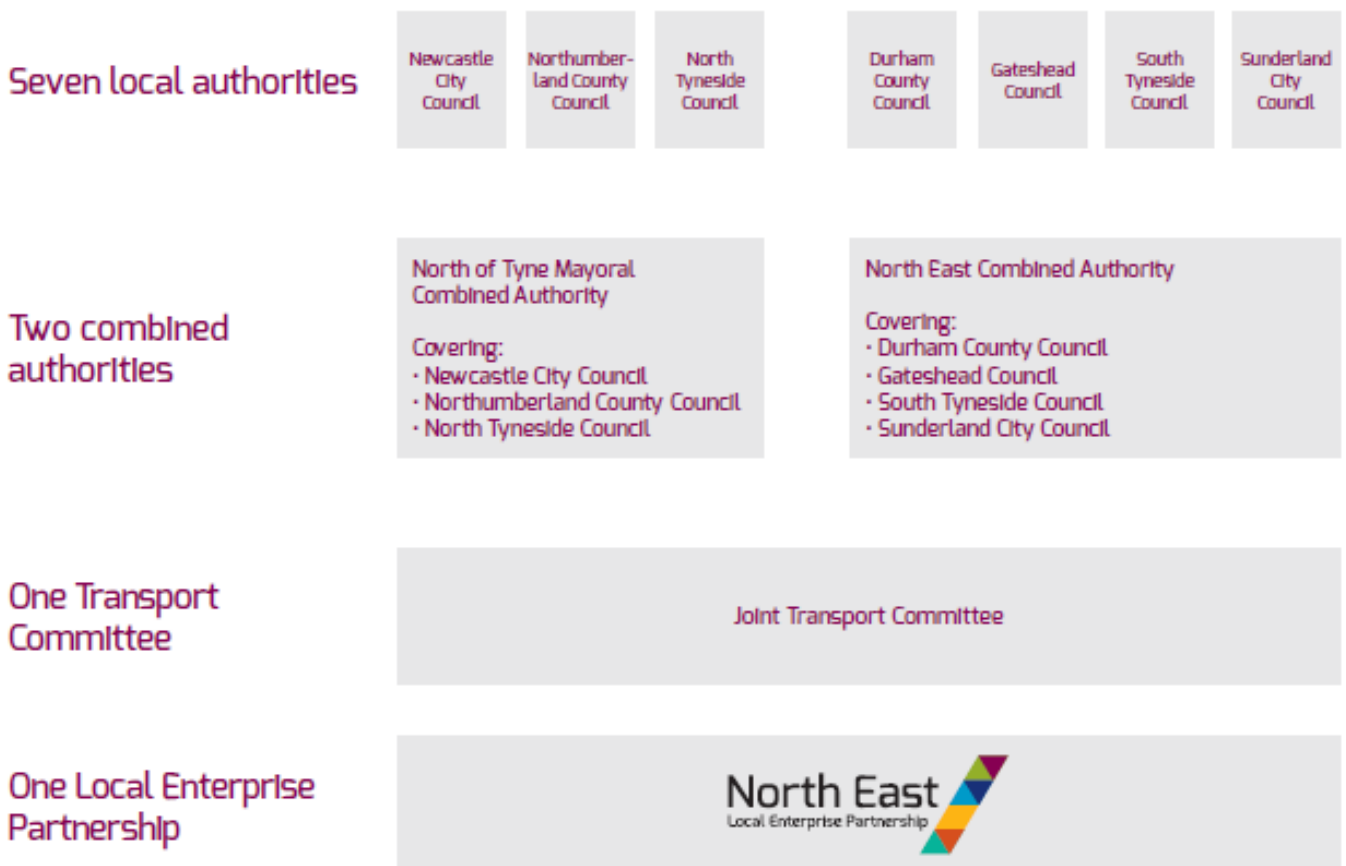
10. Note the intention to seek North East LEP Executive and/or Board member places on the NECA governance structures to support the delivery of the combined authority's vision to reciprocate arrangements with the LEP governance model.
11. Endorse the proposal for the North East LEP to develop and publish an agreement with NECA setting out roles and responsibilities.

Appendix one – Regional governance before and after November 2018.

Governance pre 2 November 2018



Governance post 2 November 2018



Appendix two – Membership of the North East LEP Board and Sub Boards at 29 November 2018

North East LEP Board membership

Andrew Hodgson (Chair)
Heidi Mottram
Cllr Graeme Miller
Prof. Stuart Corbridge
Cllr Nick Forbes
Farooq Hakim
Gillian Hall
Cllr Simon Henig
Cllr Martin Gannon
Cllr Peter Jackson
David Land
Cllr Iain Malcolm
Ammar Mirza CBE
Andrew Moffat
Mayor Norma Redfearn
Ellen Thinnesen
Mark Thompson
Kate Wickham

North East LEP Investment Board membership

David Land (Chair)
Gillian Hall
Cllr Martin Gannon
Cllr Iain Malcolm
Andrew Moffat
David Furniss (advisor)
Jason Hobbs (advisor)
Ian Richards (advisor)

North East LEP Employment and Skills Board membership

Andrew Hodgson (Chair)
Emma Banks
David Barker
Carole Botten
Sandra Bryson
Paul Butler
Paul Carbert
Beth Farhat
Sarah Glendinning
Simon Hanson

Cllr Peter Jackson
Karen Marshall
Mike Parker
Ellen Thinnesen

North East LEP Business Growth Board membership

Mark Thompson (Chair)
John Barnett
Toby Bridges
Judith Doyle
Tom Frater
Cllr Iain Malcolm
Gillian Marshall
Ryan Maughan
Paul McEldon
Ammar Mirza CBE
Jane Robinson
Neil Warwick
Kate Wickham
Dr Marie Willson

North East LEP Innovation Delivery Board membership

Dr Alan Lowdon (Chair)
Tony Appleton
Gillian Hall
Catherine Johns
Dr Tim Hammond
Dr Colin Herron
Patrick Melia
Steph Morris
Nicola Wesley
Lizzie Withington
Prof. Michael Whitaker