



north east combined authority

Economic Development and Regeneration Advisory Board

Tuesday, 24th July 2018 at 2.00 pm

Meeting to be held:

Committee Room, Durham County Council, County Hall, Durham DH1 5UL

www.northeastca.gov.uk

AGENDA

| | Page No |
|---|---------|
| 1. Apologies for Absence | |
| 2. Declarations of Interest | |
| Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this. | |
| 3. Minutes of the Previous Meeting | 1 - 4 |
| 4. Economic Development and Regeneration Advisory Board, Responsibility for Functions (For Information and Reference) | 5 - 6 |
| 5. Appointment of Vice-Chairs | |
| The Economic Development and Regeneration Advisory Board is invited to appoint its Vice-Chairs for the Municipal Year 2018/19, in accordance with the Constitution of the Combined Authority and the delegated authority given to the Advisory Board by the Leadership Board at the Annual Meeting on 19 June 2018. | |
| 6. Economic Development and Regeneration Progress Update | 7 - 24 |
| 7. North East Fund | 25 - 28 |

8. **Leaving the European Union: North East Brexit Report**

29 - 32

9. **Date and Time of the Next Meeting**

Tuesday, 23 October 2018 at 2pm at South Tyneside Council.

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

Economic Development and Regeneration Advisory Board

27 March 2018

Meeting held: Bewick Hall Rooms 1 and 2, City Library, Charles Avison Building, 33 New Bridge Street West, Newcastle upon Tyne, NE1 8AX

Present:

Councillor : I Malcolm (Chair)

Councillors: J Adams, G Bell, B Pickard, K Shaw and H Trueman

Co-opted Members: B Farhat and S Hanson

26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C Marshall and R Wearmouth and Co-opted Members S Glendinning and J Walker.

27 DECLARATIONS OF INTEREST

There were no declarations of interest.

28 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 23 January 2018 were approved as a correct record and signed by the Chair.

29 ECONOMIC DEVELOPMENT AND REGENERATION PROGRESS UPDATE

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and attached to Official Minutes).

Members considered the report which provided an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority. The report was introduced by G Currey and S McMillan.

Key areas of focus of the report included the following subjects:

- Inward investment successes and current enquiries for investment
- Work with the Department of International Trade
- Developing sector knowledge
- Government policies
- European Structural and Investment Fund
- Progress of Enterprise Zones
- Launch of the Our Economy 2018 report

Members thanked officers for the detailed information on the inward investment successes into the NECA area, which had been circulated recently, and asked for this information to be shared with the Leaders of the constituent local authorities.

Members welcomed the good attendance by a diverse audience of the launch of the Our Economy 2018 report, and the good feedback received. It was noted that the attendees included business and public sectors, including education sector.

In relation to the Post-18 Education Review, as referred to in paragraph 3.1 of the report, and specifically in relation to a Member's comment about the elitist education system in the UK and a query whether there was appropriate data collected, M Rainbow confirmed that there was data collected on socio-economic background of students entering and exiting universities. The data showed that students from more deprived backgrounds were less likely to go into graduates' jobs. Work to address this issue continued.

Update on the North of Tyne Devolution

M Swales, on invitation from the Chair, provided an update on progress of discussions with regard to the proposed devolution for the North of Tyne and associated timetables.

It was noted that discussions were ongoing. Whilst there were some matters to address, there were no substantive issues unresolved. The Leaders of the constituent local authorities were hoping to meet on 17 April for the next stage of the process.

It was also noted that economic development was one of the subjects of discussions. Local authorities were generally in agreement to continue to work with a single inward investment team covering all seven local authorities and a single Local Enterprise Partnership (LEP) for the same area.

RESOLVED – That the report be noted.

30 NORTH EAST LEP SKILLS AND EDUCATION UPDATE

Submitted: An update report of the Skills Director, North East Local Enterprise Partnership (previously circulated and attached to Official Minutes).

Members considered the report which provided an update on the North East LEP Skills and Education programmes and projects, specifically within the context of the Strategic Economic Plan. The report and associated presentation were introduced by M Rainbow, Skills Director of the North East LEP.

The Chair welcomed the amount of work that was being carried out. The ensuing discussion was focused on the measurement of success; tackling unemployment, including intergenerational unemployment; the various reasons for unemployment; improving employability skills, including communication skills; keeping everyone informed about career choices; advantages and challenges associated with an ageing workforce; and the role of support and information for business start-up.

In response to questions and arising from the discussion, it was noted that:

- All programmes and projects were evaluated. This was also a requirement due to the way the programmes were funded.
- Work continued to address intergenerational unemployment and support wider community groups into work. This work included both working with younger people as well as with those over the age of fifty. It was understood that work with children at earlier stages was key for setting the right mind set and breaking barriers and misconceptions.
- Data showed better business survival rates for business start-ups by older people. The option of setting up a business later in life should be promoted and supported, and opportunities created.
- Whilst universities provided some support for business start-up, for most graduates starting their own business straight after the graduation was not their first choice. With regard to business start-up support, perhaps more focus should be given to supporting young people who already had some work experience.
- It was important to continue to collaborate on ensuring information was available to various groups on business-start up opportunities and support.

RESOLVED – That:

- i. The report and presentation be noted; and
- ii. A progress report and presentation be made available in approximately twelve months' time.

31 **AUTOMOTIVE DEEP DIVE**

Submitted: A report of the Chief Executive, North East Automotive Alliance (previously circulated and attached to Official Minutes).

Members considered the report which provided an overview of the automotive sector in the North East. P Butler, the Chief Executive Officer of the North East Automotive Alliance, introduced the report and delivered a presentation which set out further detail, including investment, opportunities and challengers with regard to the automotive sector in the North East.

The ensuing discussion included the following matters: the opportunities and challenges associated with the phasing out of diesel-run vehicles and increase in electric vehicles; the national infrastructure to achieve the transition; employment by the industry; skills shortages; the need for further improvements to the infrastructure, including the need for better transport to employment sites; the need for better support and funding from the government for the automotive sector in the North East; the improving infrastructure for electric cars, including faster charging; the impact of an increase in electric cars on the electricity grid and future opportunities such as solar power; the relatively low but growing electric car

ownership; the good pace of change within the sector; and new and emerging technologies.

RESOLVED – That:

- i. The report and presentation be noted; and
- ii. A copy of the presentation be circulated to all members for information.

32 **DATE AND TIME OF THE NEXT MEETING**

Tuesday, 24 July 2018, subject to confirmation at the Annual Meeting.

Extract from the NECA Constitution, Part 3.5

Economic Development and Regeneration Advisory Board

Responsibility for Functions

Membership: 7 (one Member from each of the Constituent Authorities)

Quorum: 5 (not including the co-opted or LEP members)

Also: 1 non-voting member from the LEP
Any non-voting co-opted members approved by the Leadership Board representing key sectors in the region including the North East Chamber of Commerce and the CBI and the FSB.

The aim of the Economic Development and Regeneration Advisory Board (EDRAB) is to support the Leadership Board in the development of the Economic Development and Regeneration Theme by:

- Making recommendations to the Leadership Board based on insight and intelligence that is not otherwise available to Board so that the decisions taken reflect the needs and ambitions of the key stakeholders in the region.
- Providing strategic advice and intelligence relating to key drivers of growth and barriers to investment and growth and other issues relevant to NECA's aim to pursue sustainable economic growth in the region.
- Advising and supporting the NECA in the development of the Economic Development and Regeneration strategic priorities and implementation plans.
- Supporting the Economic Development and Regeneration Thematic Lead in the delivery of the Economic Development and Regeneration Implementation Plan.

The Leadership Board shall seek the advice and recommendations of the EDRAB on such economic development and regeneration matters as the Leadership Board considers appropriate, which shall include (but are not limited to):

1. The development of a Regional Investment Plan that will support economic growth and build on the opportunities presented by the region's growth assets.
2. The implementation of activity that is consistent with the strategic intent outlined in the Strategic Economic Plan and associated Economic Development and Regeneration Implementation Plan.

3. Recommendations on the allocation of resources and approval of funding proposals and the prioritisation of planned regional investment in infrastructure and assets.
4. Monitoring and overseeing collaborative initiatives to promote inward investment.
5. Commissioning provision that is consistent with the agreed objectives.
6. Ensuring that measures associated with the delivery of the Economic Development and Regeneration work programme are linked effectively with other related service areas.
7. Advising and approving evaluation measures for the Economic Development and Regeneration related activities.
8. Monitoring performance of the delivery of the Economic Development and Regeneration work programme.
9. Considering Economic Development and Regeneration related matters specifically referred to the Advisory Board by the Leadership Board.
10. Informing the evolution of Economic Development and Regeneration related activities, taking account of government policy, global trends and capability and capacity in the region.
11. Establishing and engaging in working groups formed to progress specific priorities with the Economic Development and Regeneration work programme.
12. Approve an Annual Report summarising the work of the Board over the previous year for submission to Annual Meeting of the Leadership Board.

Information:

1. The Advisory Board will be chaired by the Economic Development and Regeneration Thematic Lead.
2. One substitute member is permitted for each Constituent Authority.
3. The second Vice-Chair will be appointed from the business representative co-opted members of the Advisory Board.

Economic Development and Regeneration Advisory Board

Date: 24th July 2018

Subject: Economic Development and Regeneration Progress Update

Report of: Thematic Lead for Economic Development and Regeneration

Executive Summary

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

Recommendations

The Advisory Board is recommended to note this report for information.

Economic Development and Regeneration Advisory Board

1. Background Information

1.1 This report provides an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority, including:

- Invest North East England activities
- Local Growth Update
- Export Update: North East Chamber of Commerce Department of International Trade Programme
- T-Level Consultation: Government Response
- European Structural Investment Funds

1.2 The Advisory Board is recommended to receive the update for information.

2. Invest North East England Activities

2.1 High level Inward Investment Successes April 2017 - March 2018, NECA Area

- There were 83 investment projects resulting in 1,651 new jobs
 - There were 66 Foreign Direct Investment (FDI) projects resulting in 1,360 new jobs
 - There were 17 UK projects resulting in 291 new jobs

| Sector | FDI Projects | FDI Jobs | UK Projects | UK Jobs |
|------------------------|--------------|-------------|-------------|------------|
| FPBS | 4 | 25 | 8 | 156 |
| Energy | 10 | 599 | 0 | 0 |
| Life Science | 2 | 10 | 4 | 24 |
| Automotive | 9 | 86 | 1 | 50 |
| Advanced Manufacturing | 26 | 491 | 2 | 56 |
| Tech (IT/Software) | 14 | 119 | 1 | 4 |
| Rail | 1 | 30 | 1 | 1 |
| Total | 66 | 1360 | 17 | 291 |

Some of the more significant investments included:

- Komatsu (advanced manufacturing)
- Comau (advanced manufacturing)
- Norton Rose Fulbright (FPBS)
- ABB Interconnector (energy)
- Smulders projects UK (energy)
- Snorkel UK (advanced manufacturing)

Although the successful project total of 83 is only one less compared to the previous year, the job creation totals were significantly lower (1,651 vs 6,126). This was in the main, due

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to the large numbers of Financial and Professional Business Services and tech jobs created last year in five large investments by Accenture, Teleperformance, Convergys, ResQ and Sitel. These projects alone created more than 3,500 jobs, with a large Nissan investment creating 800.

2.2 Activity Quarter 1 2018/19

The Invest North East England Team (INEE) is busy handling a range of enquiries. Good quality enquiries have been generated through the OCO lead generation contract in London, direct via the INEE website, and through the Department for International Trade (DIT).

Current enquiries on the INEE pipeline include both UK and foreign owned enquiries in a number of sectors from life sciences, software, contact centres, automotive and other advanced manufacturing including offshore energy.

The Team has hosted a number of investor visits to the region including visits from UK digital tech companies, a US Life Sciences company and a major US financial services company.

Along with the North East LEP, the Team is supporting Nexus in promotional activities around the procurement of the new rolling stock and maintenance contract. The Team is involved in producing some literature on the rail supply chain in the North East with a view to ensuring the main contractors are aware of local supply chain opportunities and attracting further rail supply chain businesses to invest in the region.

2.3 Marketing and Communications

The INEE team, with support from the North East LEP Communications Team and Sarah Hall Consulting, continues to improve and refresh a range of marketing materials, website and plan/deliver campaigns. Over time, it is expected that this will generate new investment enquiries in addition to raising the profile of the region nationally and internationally. Key elements of this include:

Website

- INEE team is continually refreshing website content, adding news stories and images to keep the website up to date and relevant. New pages include Immersive Technology and a revised Offshore Wind page and IT/digital page. Videos have also been sourced and added where appropriate
- INEE has sourced a number of 'guest bloggers' to produce relevant and interesting news stories and comment.
- INEE have produced new written case studies for key companies in the North East, plus video company case studies are currently in production (focussing on the digital sector).

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- A new micro-website is being launched at the end of July – *Energy Gateway North East England*. This website, which will have a stand along web address but will be embedded in the main INEE website, is focused on the offshore energy sector. It covers the three main ports of Blyth, Sunderland and Tyne and the rivers they sit on. The website showcases the ports, the sites, R+D assets, skills and training, market opportunities, supply chains etc.

Marketing Collateral

- A general brochure has been produced showcasing the five key investment sectors that INEE concentrate on
- Sector-specific inserts have been produced (to date Offshore Wind, Business Process Outsourcing, IT and Digital, Immersive Tech, Video Games) Inserts covering Life Sciences, Automotive, Rail are currently in production. These inserts are produced on small print runs for particular events as well as electronically so visitors to the website can download the information / INEE team can send electronically
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Promotional Videos

- The Team has just procured a video production company to produce six short videos. These will consist of one general video promoting the North East and five sector-specific videos covering Energy, Business Services, Life Sciences, Advanced Manufacturing and Digital Tech
- The videos will be available on the web site and will be sent as part of bespoke propositions to potential investors as well as used during face to face investor pitches and exhibitions etc.

Press

- Various press releases on successes/ events featured in regional press throughout the year and feature on INEE Director in March 2018 edition of North East Times.
- BQ Handbook 2018 – INEE provided refreshed copy for a regional double page spread
- INEE is sponsoring the Inward Investment 'Hot Topic' page on Bdaily and providing sponsored content on a monthly basis to feature across the Bdaily websites (nationally)
- INEE will continue to explore advertising options in publications on an ad hoc basis

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exploring the benefits for each opportunity. To date, INEE have advertised in EasyJet (to coincide with MIPIM Cannes) and are currently looking at other options for the remainder of the year.

Social Media

- Twitter and LinkedIn social platforms continue to grow in followers and impressions
- A new Facebook page has been produced to dovetail with the digital campaign.

Digital Campaigns

- INEE carried out three digital campaigns around key sectors – FPBS, Offshore Wind and digital tech.
- All were targeted at Chief Executive Officers, Chief Finance Officers, key decision makers in target markets and geographical locations (FPBS = London + South East / Offshore Wind = Germany, Denmark, Holland, Aberdeen/ digital tech in UK, USA, Ireland).
- Digital adverts were on social platforms including Facebook, LinkedIn, Media IQ
- INEE is currently reviewing the impact these campaigns have had.

Events

The INEE team is planning to attend a number of events in 2018/19 which align with some of the key priority sectors which are being targeted for investment. Some of these will be attended as an exhibitor and others as a delegate. These include:

- NOF Energy – A Balanced Future – Sedgefield (June 2018)
- Global Offshore Wind – Manchester (June 2018) Wind Europe – Hamburg (September 2018)
- MIPIM UK – London (October 2018)
- Web Summit – Lisbon (November 2018)
- Offshore Wind North East – various North East locations (November 2018)
- Shared Services Leaders' Summit – London (March 2019)
- Vrtgo Conference – Gateshead (April 2019)

For events in the region, the Team will be looking to organise investor visits structured around the event.

Lead Generation Contract

2.4

INEE are in the final phase of a contract with OCO Global to deliver a lead generation service on its behalf. This has been focused in the main on digital and professional services companies in London and the South East. However, the contract has also identified various manufacturing projects as well as projects from India, Ireland, USA and

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Italy.

To date the contract has led to projects totalling over 1,000 potential jobs being put on INEE's pipeline and has led to a number of visits to the region.

INEE is currently discussing the next stage of lead generation with local authority partners.

Key Account Management Programme

- 2.5 After a successful first year aimed at broadening the delivery of Strategic Account Management of foreign owned firms in the North East, DIT Northern Powerhouse (NPH) have committed funding to be delivered through a contract with NECA to enable local authority partners to deliver additional account management resource adding value to the existing arrangements delivered by DIT.

Department of International Trade High Potential Opportunities (HPO) bid

- 2.6 The DIT has opened a competition for LEP areas to put forward ideas for HPOs. A HPO is a mechanism to ensure that significant market opportunities which will be attractive to overseas investors are publicised widely to relevant markets overseas. The opportunities should currently be less well known or under the radar of the overseas network of DIT posts. Successful project bids will get the opportunity to work intensively with DIT officials to develop a detailed proposition of the opportunity which will then be widely publicised in relevant overseas markets.

INEE worked with local partners to prepare a bid based on the growing strength of the North East's immersive tech sector and the links with the advanced manufacturing sector in the region which could be developed into a compelling proposition for overseas companies.

INEE will know by the end of July whether our bid has been successful.

3. Local Growth Fund Update

- 3.1 The Local Growth Fund has recently completed its third of a six year programme. The total LGF budget for the period 2015-21 is £270.1m, of which over 98% is approved to contracted projects or allocated for 'pipeline projects' that are in the process of preparing full project business cases. The full budget for 2018/19 has been released by the Ministry of Housing, Communities and Local Government (MHCLG) to the North East LEP. This follows a positive 'Annual Conversation' with Government in November 2017 that reviewed the North East LEPs delivery performance, governance and strategy. Since then further good progress in spending the 2017/18 budget of £61.2m has been made with almost

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100% spent.

- 3.2 Having commenced 2017/18 with a circa £14m over programme forecast, the outcome of £-0.73m is considered very positive. Of this balance £0.71m was allocated to NECA as a temporary funding swap to support capital works on the Tyne Pedestrian Tunnel, as approved by the NECA Leadership Board in March 2018. The money will be returned to the LGF programme as revenue funds in 2018/19 or 2019/20, which provides important additional flexibility for the LGF programme. Consequently the annual budget is almost 100% spent and all the LGF allocations received cumulatively to date have been applied. This is a significant achievement and has been seen as positive evidence of good programme management and delivery by the Government.
- 3.3 This outcome total excludes £0.341m of revenue grant payments during the year - this amount is being funded through NECA returning swapped LGF funds to the North East LEP from previous years.

Table 1 : 2017/18 Budget Outturn

| 2017/18 LGF Budget Summary | |
|---|-----------------|
| 2017/18 Section 31 Grant | £42.5m |
| 2016/17 Balance c/f | £18.62m |
| Total Budget | £61.12m |
| 2017/18 outturn (excludes revenue spend) | £60.38m |
| Temporary swap on Tyne Pedestrian Tunnel | £0.71m |
| Total expenditure 2017/18 (excluding revenue)* | £61.092m |
| 2017/18 revenue spend (met by NECA returning funding swap) | £0.341m |
| Balance c/f | £0.032m |

The current 2018/19 budget position is set out in Table Two.

Table 2 : 2018/19 Budget

| 2018/19 LGF Budget Summary | |
|------------------------------|----------------|
| 2018/19 Budget | £51.70m |
| c/f budget | £0.032m |
| Total Budget | £51.73m |
| 2018/19 Forecast expenditure | £77.8m |

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| | |
|---|----------|
| Over programme | -£26.07m |
| Returned swapped fund (less revenue ring fence) | £11.68m |
| Current forecast balance | -£14.39m |

3.4 LGF project spending projections for 2018/19 indicate a considerable over programme of £26.m. After taking account of a planned return of swapped funds in previous years with NECA, the net over-programmed level reduces to £14.4m (27%) above the available funding this year. This is a reasonable level of over-programming at this point in the year given our experience in previous years. We would expect this to reduce during the year. Any additional expenditure towards the year end will be managed and any accrued quarter 4 payments which are normally paid in April/May 2019 will be funded in cash terms through the use of 2019/20 LGF grant income due to be received in April 2019.

Table Three shows the latest position in regard to project and budget approvals to date split by the North East Strategic Economic Plan operational themes. Of the 62 projects in the Programme 55 have now received full approval from the North East LEP Board and a further 7 are in development.

3.5 **Table 3: Number of LGF projects and budget allocation by SEP theme**

| | Skills | Innovation | Economic Assets | Transport | Total |
|---------------------------------------|-------------|-------------|-----------------|-------------|-----------------|
| Number of projects/ mini programmes * | 9 | 11 | 21 | 21 | 62 |
| Number of approved projects** | 8 | 11 | 18 | 18 | 55 |
| Number of projects in pipeline | 1 | 0 | 3 | 3 | 7 |
| Budget approved to date | £18,411,211 | £42,857,884 | £109,421,891 | £81,327,329 | £252,018,315 |
| Expenditure to date* | £17,661,211 | £30,810,742 | £54,419,522 | £55,475,355 | £158,366,830*** |

* Excludes temporary project funding swaps (£15.8m) ** Excludes Stage 1 one approved projects. *** Excludes programme management costs.

3.6 To date 19 projects are complete and operational. Since the last update to EDRAB

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completed projects now include the following :

- **STEM Centre in Ashington** - New purpose designed building on the Northumberland College main campus focussed on IT training.
- **Lindisfarne Roundabout and corridor, South Tyneside** - capacity improvements including widening roundabout at A19 junction to three lanes and provision of a cycleway and an additional lane on A194 Leam Lane eastbound.
- **The Sill National Landscape Discovery Centre, Once Brewed, Northumberland** - a Northumberland National Park led project near Hadrian's Wall funded via the North East Rural Growth Network and attracting over 100,000 visitors in first 9 months following opening.
- **National Formulation Centre, NETPark, County Durham** – £16m project led by the Centre for Process Industries (CPI) creating a world leading innovation centre focusing on the development of high added-value formulated products, their functional components and delivery mechanisms.
- **Proto, Gateshead** - North East's first business hub with new office accommodation and specialist testing facilities to support the development and commercialisation of emerging technologies including virtual and augmented reality sectors.
- **Remediation of former Walker Tar Works site, Newcastle** – works to prevent the leakage of tars into the river- part of an ongoing wider programme to tackle the legacy of historic industrial contamination in the River catchment.
- **Tyne Tunnel Trading Estate, North Shields** – construction of large industrial unit (circa 58,000sqft) targeted at expanding advanced manufacturing companies. Pryme Group (expanding engineering company) has confirmed occupancy.
- **Beacon of Light, Sunderland**- major community facility featuring sports facilities and 'world of work' and 'education' zones providing high quality training, education and work experience facilities and programmes.

3.7 A wide range of performance outputs are being monitored and regularly reported to Government as required under the North East LEPs Growth Deals. A number of key performance measures are set out in Table Four and show cumulative figures for the period up to 31st March 2018.

Table 4: Selected Key Performance Indicators

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| Performance Indicator | Achieved to 31/3/18 |
|--|----------------------|
| Gross jobs created | 471 |
| Number of apprenticeship opportunities | 426 |
| Commercial floors pace constructed | 12,683m ² |
| Commercial floorspace refurbished | 2,903m ² |
| New Build training space | 11,674m ² |
| Length of resurfaced roads | 7.8km |
| Number of NVQ Level 3 qualifications | 708 |
| Number of higher education opportunities created | 1,481 |
| Length of new cycleway | 14.5km |

- 3.8 The number of jobs reported to date at 471 is 90% of the cumulative forecast to date. The number of jobs profiled to be created ramps up towards the end of the North East Strategic Economic Plan (SEP) monitoring period in 204/25. A target of 810 jobs is forecast for 2018/19.

Communications and publicity

- 3.9 The North East LEP is working closely with all delivery partners to help create an awareness of the impact of the LGF investment decisions. Later this year it is planned to produce a short video to capture progress across the North East and to highlight how businesses and communities are benefitting from investments made to date. The North East LEP website has also been re-designed over the past year to include a dedicated page on each project.. The LGF programme projects can be searched and viewed at https://www.nelep.co.uk/projects/?spg_funding-profile%5B%5D=local-growth-fund&set_order=desc

4. Export Update: North East Chamber of Commerce Department of International Trade Programme

4.1 Introduction

The Chamber delivers the Department of International Trade (DIT) service throughout the North East and is currently commencing delivery of year four, of a five year contract. DIT have recently a “Prior Information Notice” stating their intent to potentially reprocure export services later this year. The Chamber has also delivered on behalf of DIT in a consortium arrangement, prior to the current contract.

Due to the Chamber’s strong focus on international trade, through its already well established service for export documentation, practical support and guidance, plus its international connectivity with Chambers throughout the world, the DIT contract completes a comprehensive offer for North East businesses. The Chamber has an excellent track

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record in delivering the export services contract, exceeding targets on a yearly basis.

International trade is crucial to the North East region and the Chamber delivers the contract with a view to maximising support for North East companies to generate economic growth and sustainability, supporting the aims and objectives of both the North East LEP and NECA.

4.2 Delivery Structure

Within the NECA area the Chamber has five locally based International Trade Advisers (ITAs), focusing on specific, geographic areas, plus sector specialists in the following disciplines; automotive, digital and creative, healthcare and life sciences, food and drink and e – commerce. The team is managed by a Team Leader, reporting into the Chamber’s International Trade Director. The model is very much based on partnership working, particularly with Local Authorities, and this is evidenced within this report.

This team of advisers is supported by a strong operational team including; a marketing and events team, business development team, trade mission delivery and the management of an integrated ERDF export support programme. The impacts and key performance indicators of the DIT contract are “Export Wins” secured with the help and support of an ITA. An “Export Win” being a secured overseas sale. “Export Wins” are validated by the business and audited directly by DIT.

4.3 Activities

1. International Trade Advisor Support

International Trade Advisors work with the whole spectrum of companies from novice exporters to larger, much more experienced businesses who want assistance to trade with different markets. The ITA develops an Export Growth Action Plan with the business which identifies the key activities the business needs to undertake to sell overseas. This can include; specific training, a visit to an overseas market, website development, translation of marketing material, in market research and technical support. In many cases the activities can be part funded by ERDF.

At the time of writing the contract delivery framework for 2018/19 is just being finalised and outputs are moving to focus on the value of exports, rather than the number of new exporters.

2. Workshops and Events

A series of workshops and events are also delivered to further support businesses, in many cases these are delivered in partnership with local authority colleagues and hosted at

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partner venues. The programme is delivered under three strands:

- **Introduction to Export:** The basics for first time and novice exporters;
- **Market Opportunities:** Meet experts from overseas Chambers, DIT posts and market entry consultants; and
- **Trade Skills:** Acquire skills to facilitate international trade.

3. Trade Mission Programme

Each year the Chamber works with colleagues across the Northern Powerhouse region, to deliver a programme of trade missions. These cover programmes for new exporters, attendance at key international trade fairs and exhibitions and bespoke programmes to develop key collaborations with overseas markets which present good opportunities for the key strengths of North East businesses.

Since March 2017 the North East team have led the following missions:

- **Boston**, 15 delegates, sector focus digital, tech, healthcare and life sciences
- Food Hospitality China Trade Show, **Shanghai**, 14 delegates, sector focus beverages
- **Dublin**, 11 delegates, new to export mission with intensive support programme
- Maison & Objet Trade Show, **Paris**, new to export mission, 16 delegates
- **Belin and Brandenburg**, new to export mission, 18 delegates
- India, North East led mission to **Bangalore, Pune and Mumbai**

The trade mission programme for the current contract year is yet to be fully confirmed, but due to previous successful missions, the North East team will be leading on Boston and Food Hospitality China in Shanghai.

4. ERDF Programme – “Expanding North East Presence in North East Markets”

This programme was designed in collaboration with the Growth Hub and NELEP. The three year £4.8m project will work with 360 new and existing exporters throughout the North East LEP area, providing innovative tailored help – focussed on companies in North East LEP sectors and the Transitional Area - including grant assistance for Export Growth Action Plans. This activity complements activities in the DIT contract with an Export Development Fund and Specialist Support, the project is in the process of boosting the capability and capacity of SMEs to internationalise, increasing the numbers of local exporters and the value of exports and create 325 new jobs.

Current Outputs

- Funding **£704K** committed against a target of **£722K**
- Businesses supported through an Export Growth Action plan = **329** against a target of **360**
- 160 companies have claimed totalling **£377K**
- Jobs created= 94, this is 32 ahead of profile target, with total target for jobs being

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325.

The Innovation in Services project is a specialist programme which offers in depth support, primarily within the transitional area of County Durham. An example of this is bespoke digital and legal support for Durham SME's and later this year the Chamber will be undertaking some meet the buyer activity for Denmark and the Netherlands. The project also successfully delivered a mission to Ireland for 11 businesses. In addition to these activities, training to support businesses in making the most out of trade show attendance has been developed. The first workshop takes place in February with a view to host more. Matching the ERDF to the DIT contract has been crucial in being able to introduce tailored, localised projects to encourage more companies to engage in trading internationally.

Export Wins by Local Authority Areas.

As detailed the "Export Win" is the key measurement of the DIT activity, which we record by Local Authority area.

Summary of Export Wins by Local Authority (April 1 2017 – March 31 2018)

| Local Authority | Number of Wins | Value of Wins |
|-----------------|----------------|---------------------|
| Gateshead | 27 | £6,581,748 |
| Newcastle | 130 | £32,052,690 |
| North Tyneside | 37 | £5,836,716 |
| Northumberland | 54 | £24,639,605 |
| South Tyneside | 25 | £15,401,750 |
| Sunderland | 26 | £67,601,470 |
| County Durham | 91 | £18,855,553 |
| Totals | 390 | £170,969,532 |

5. T-Level Consultation

5.1 Background

The report of the Independent Panel on Technical Education (the Sainsbury Report) recommended a new system of technical education to provide a high quality technical education option, alongside an academic option for students aged 16-19. The government committed to the recommendation in the Post-16 Skills Plan and the Technical and Further Education Act 2017.

A public consultation on the design of T-Levels ran from November 2017 – February 2018 to obtain view on the major aspects of the proposals. Responses were received from educational institutions, industry, awarding organisations, representative bodies and local authorities.

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The response showed strong support for T-Levels, however responses also included some reservations about the proposed speed of implementation, the practicalities of the requirement of industry placements to be met and the implementation costs that FE Colleges and training providers will incur.

5.2 Government Response to the Consultation

Following the response to the consultation, the government has provided the following assurances:

1. The government will increase the level and pace of communication and improve the response times for requests for information to allow colleges and providers to prepare for the launch of T-Levels.
2. Work closely with colleges and providers delivering the first T-Levels to co-create the programmes and address the delivery concerns raised in the consultation.
3. Additional support will be provided to enable T-Level industry placements to be successfully delivered, including widening the remit of the National Apprenticeship Service to provide a 'one stop shop' for advice and support for employers.

5.3 Next Steps

Following a competitive application process ran by the Department of Education, the providers in the North East are:

- Gateshead College;
- New College Durham; and
- St Thomas More Catholic School in Blaydon

The intention is for T-Levels to be delivered from 2020, therefore young people entering year 10 in September 2018 will be the first to be able to choose T-Levels and will begin their studies after their GCSE's in year 11. The first subjects that can be studied in 2020 will digital, construction and education and childcare.

6. European Structural & Investment Funds

The European Structural and Investment Fund (ESIF) continues to be delivered in the North East. The region is split into two areas; More Developed (Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) and Transitional (County Durham). An update on European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development is provided below.

6.1 European Regional Development Fund (ERDF)

The notional allocation for the More Developed (MD) area is £152.7m, and in the

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Transitional (T) area is £75.4m. The overall project pipeline (including legally committed, contracting, appraisal and Full and Outline Application stage) is £174m representing 76% of total allocation. Exchange rate changes could result in additional allocations being made available.

For the Sustainable Urban Development (SUD) call announced 15 September, for the MD area, total funding of £18.6 was available. The final deadline for EOIs was 30 March 2018. 2 Bids from the January deadline are currently in appraisal and 6 bids were submitted at the March deadline are still to be appraised.

The North East Fund of Fund (JEREMIE2) is now open and launch events are taking place across the region from Friday 11 May.

Currently 43 projects have been Legally Committed and 28 projects are in the Full or Outline appraisal stages.

Further ERDF calls will be issued in October 2018 and March 2019.

6.2 European Social Fund (ESF)

Across the whole NECA area there is a notional allocation of £144.6m

5 of the six ESF calls closed during the last reporting period have been assessed decisions have been communicated to bidders for:

- North East Ambition Pilot Strategic Framework
- North East Ambition Pilot Tailored Delivery
- Digital Skills North East
- North East Specialist Support for the Unemployed/Inactive (Health Barriers and 50+)

Projects appraised but still to be advised of a decision by DWP;

- Specialist Support for those Furthest Away from the Labour Market

Projects still to be appraised:

- Raising the Skill Levels of the North East Health and Social Care workforce

Employment Support for Young People 18 -29 received 11 bids and 8 have been approved to Full Application, with the condition that the bidders work through Technical Assistance (TA) colleagues to ensure alignment and minimise duplication. In January 2018 the TA network held a workshop for the bidders to support this. Full Applications have now been submitted.

6.3 European Agricultural Fund for Rural Development (EAFRD)

EAFRD funds form part of the National Growth Programme, from which the North East received an allocation of £10.5m. Although a number of scattered localities are potentially

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eligible for EAFRD funding in Tyne and Wear, the focus is on the designated rural areas of Northumberland, Durham and neighbouring parts of western Gateshead, including the Derwent Valley.

Open calls, with an extended closing date of 31 May 2018 and a value of £9.7m capital funding, to create jobs in rural areas are:

- Business Development - £1.4m
- Rural Tourism Infrastructure – £6.7m
- Food Processing – £1.6m

A £30m call for Broadband Infrastructure was announced on 13 October with a closing date of 31 May 2018, submitted bids are now being appraised.

Match funding is required for all ESIF calls.

7. Potential Impact on Objectives

- 7.1 The report sets out issues that will support the Authority in meeting its objectives, particularly in relation to those set out in the Strategic Economic Plan.

8. Financial and Other Resources Implications

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

9. Legal Implications

- 9.1 There are no specific legal implications arising from this report.

10. Key Risks

- 10.1 There are no key risks arising from this report.

11. Equality and Diversity

- 11.1 There are no specific equalities and diversity implications arising from this report.

12. Crime and Disorder

- 12.1 There are no specific crime and disorder implications arising from this report.

13. Consultation/Engagement

- 13.1 There are no issues arising from this report for consultation.

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14. Other Impact of the Proposals

14.1 There will be no other impacts arising from this report.

15. Contact Officers

15.1 Sarah McMillan, Corporate Lead – Economic Strategy and Skills
Email: sarah.mcmillan@southtyneside.gov.uk Tel: (0191) 424 7948

16. Sign off

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

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Economic Development and Regeneration Advisory Board

Date: 24th July 2018

Subject: North East Fund

Report of: Chief Executive, North East Fund Company

Executive Summary

The purpose of this report is to provide an overview of the North East Fund.

Recommendations

The Advisory Board is recommended to note this update and comment upon it where relevant.

Economic Development and Regeneration Advisory Board

1. Background Information

The North East Fund is a £120m investment programme available to small and medium enterprises (SMEs) across Durham, Northumberland and Tyne and Wear. Businesses relocating to the area may also be eligible for assistance from the programme.

2. North East Fund Company

The North East Fund Company is owned by the 7 local authorities in the NECA area but is not owned by NECA.

The North East Fund team oversees the allocation of £120m of investment finance in to small and medium sized businesses in North East England. The funds are managed by specialist investment firms, based in the region.

3. North East Fund

The North East Fund is made up of five funds to provide support to a wide range of businesses in the region.

- **The Innovation Fund** supports strong teams with scalable opportunities and is managed by North Star Ventures
- **The Venture Fund** supports businesses engaged in innovation or the development of disruptive business models and is managed by Mercia Fund Managers
- **The Development Capital Fund** is for established businesses to provide debt finance, mezzanine loans or equity investment to help companies fulfill their growth potential and is managed by Maven Capital Partners
- **The Growth Capital Fund** provides support to businesses to accelerate growth plans through debt finance, mezzanine loans or equity investment and is managed by NEL Fund Managers
- **The Small Loan Fund** is for small businesses with big plans. The fund supports a wide variety of growth plans for actively trading North East businesses. Businesses with a limited trading history, with a clear route for generating sales are also eligible for support. The fund is managed by NEL Fund Managers.

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Andrew Mitchell, Chief Executive of the North East Fund will provide Board members with:

- A detailed overview of the five funds that are available to North East businesses;
- Building on the success of the previous investment fund programme, the opportunities and challenges associated with managing the North East Fund;
- An overview of how the fund is promoted to businesses;
- Case studies of businesses that have gained investment through the Fund; and
- Future developments for the Fund

4. Potential Impact on Objectives

4.1 Any potential impact on NECA objectives will be brought to the attention of the Board during the update.

5. Financial and Other Resources Implications

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

6. Legal Implications

6.1 There are no legal implications arising from the report.

7. Key Risks

7.1 There are no risks arising from the report.

8. Equality and Diversity

8.1 There are no equality and diversity implications arising from the report.

9. Crime and Disorder

9.1 There are no crime and disorder implications arising from the report.

10. Consultation/Engagement

10.1 There are no consultation/engagement requirements arising from the report.

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11. Other Impact of the Proposals

11.1 There are no other impacts arising from the report.

12. Appendices

12.1 None.

13. Contact Officers

13.1 Andrew Mitchell, Chief Executive, North East Fund Company.
E-mail: andrew.mitchell@northeastfinance.org Tel: (0191) 211 2300

14. Sign off

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

Economic Development and Regeneration Advisory Board

Date: 24th July 2018

Subject: Leaving the European Union: North East Brexit Report

Report of: Head of Strategy and Policy, North East Local Enterprise Partnership

Executive Summary

The purpose of this report is to provide an overview of the 'Leaving the European Union' report, produced by the North East Brexit Group.

Recommendations

The Advisory Board is recommended to note this update and comment upon it where relevant.

Economic Development and Regeneration Advisory Board

1. Background Information

- 1.1 The North East Brexit Group published the 'Leaving the European Union' report in June 2018. The report reviews the evidence on the opportunities, challenges and risks to the North East Economy, following the UK's exit from the European Union in March 2019, as well as highlighting particular impacts on sectors of economic significance to the region.
- 1.2 The aim of the report is to contribute to the national dialogue on the main opportunities, concerns and challenges leading up to Brexit from a North East perspective.
- 1.3 Richard Baker, Head of Policy and Strategy, North East LEP will present an overview of the report, which will include:
- A review of a number of academic studies on the projected regional impact of Brexit on the North East economy;
 - The resulting challenges and opportunities for the region; and
 - An overview of the evidence gathered from key North East sectors:
- 1.4 The presentation will be published on the NECA website after the meeting

2. Potential Impact on Objectives

- 2.1 Any potential impact on NECA objectives will be brought to the attention of the Board during the update.

3. Financial and Other Resources Implications

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

4. Legal Implications

- 4.1 There are no legal implications arising from the report.

5. Key Risks

- 5.1 There are no risks arising from the report.

6. Equality and Diversity

- 6.1 There are no equality and diversity implications arising from the report.

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7. Crime and Disorder

7.1 There are no crime and disorder implications arising from the report.

8. Consultation/Engagement

8.1 There are no consultation/engagement requirements arising from the report.

9. Other Impact of the Proposals

9.1 There are no other impacts arising from the report.

10. Appendices

10.1 None.

11. Contact Officers

11.1 Richard Baker, Head of Strategy and Policy, North East Local Enterprise Partnership.

Email: Richard.baker@nelep.co.uk Tel: (0191) 338 7423

12. Sign Off

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

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