

## **Economic Development and Regeneration Advisory Board**

25 July 2017

Meeting held The Word, 45 Market Place, South Shields, NE33 1JF

### **APPROVED MINUTES**

#### **Present:**

Councillor I Malcolm (Chair)

Councillors G Bell, G Haley, B Pickard, K Shaw and H Trueman

Co-opted Members B Farhat and G Hall

#### **1 APOLOGIES FOR ABSENCE**

Councillors C Marshall, P Watson and co-optees J Walker and S Hanson.

#### **2 DECLARATIONS OF INTEREST**

None.

#### **3 APPOINTMENT OF VICE-CHAIRS FOR 2017/18 MUNICIPAL YEAR**

The Chair proposed Councillor Marshall and G Hall as Vice-Chairs for the 2017-18 municipal year. This was agreed.

**RESOLVED** – that Councillor Marshall and G Hall be appointed as Vice-Chairs.

#### **4 MINUTES OF THE PREVIOUS MEETING ON 15 FEBRUARY 2017**

Minutes were approved as a correct record and signed by the Chair.

#### **5 ECONOMIC DEVELOPMENT AND REGENERATION, PROGRESS UPDATE**

Submitted: report of the thematic lead for economic development and regeneration which provided an update on activity and progress.

The board discussed the progress of the Local Growth Fund (LGF) and Enterprise Zones (EZ) and it was noted that:

- The LGF is making strong progress with full approval now granted for 38 projects, with a further 19 in development.

- The majority of LGF performance indicators will be achieved towards the end of the programme, due to the nature of the projects and lead in time. Further detail on this can be provided in a future report.

[Councillor Bell joined the meeting].

- 10 of the 11 second round EZ locations are now live. Baselines have been agreed for each site and a memorandum of understanding has been submitted. The IAMP site will now commence in April 2018 and proposals for the Newcastle Airport site are currently under review.
- External advisors have been appointed to evaluate each site in terms of its ability to deliver a surplus over the 25 year period. They have confirmed a broadly positive picture for the North East market.
- A detailed overarching legal agreement is being drafted between the LEP and local authorities to manage each of the investments.
- The Leadership Board have agreed to establish a EZ Development Fund to fund feasibility and initial works on each site, with a view to accelerating delivery and reducing financial risk. To date funding has been agreed for preliminary work relating to the Follingsby EZ in Gateshead.

**RESOLVED:** Report be noted and updates, including further detail on anticipated delivery of LGF indicators, be provided as work progresses.

## 6 INVEST NORTH EAST ENGLAND ACTIVITIES, PROGRESS UPDATE

Submitted: report of the thematic lead for economic development and regeneration which provided an update on Invest North East England activities.

In discussion the following points were made:

- The INEE team provide a single gateway for all inward investment enquiries in the area and will put forward a strong case for the region and the best proposal for the company based on their business model. The INEE team work closely with local authorities to add value and share information. They focus on the 10% of new investors, rather than the 85-90% of foreign investment that is reinvestment as these are dealt with by local authorities.
- Some concerns have been raised by members of the LEP Board in relation to the level of collaboration between the INEE team and local authorities. It had been suggested that more could be achieved by bringing resources together into a region wide team. The advisory board noted that local authority teams also undertake business support activities, account management of key businesses and provide managed workspace.
- The Chair suggested that each local authority EDRAB member may wish to ensure that there is a direct link from their respective council website to the Invest North East website.
- It should be expected if an enquiry is made to local authorities which cannot be satisfied, it will be passed onto the INEE team.

- A disadvantage of the current model is that the INEE team are not always aware of existing companies within each local area, when speaking to potential investors.
- Access to skills is the primary interest of potential new investors.
- A contract has been agreed with a London based intermediary in respect of generating potential leads in the software and digital sectors; and establishing links with investors and property companies. Leads are taking more time than anticipated, however a number of enquiries have been generated. If successful there may be potential to extend the contract and replicate the activity across other sectors.
- There has been a drop-off in international enquiries coming forward, following Brexit. It is therefore important to look at potential for companies intending to move within the UK.
- Concern was expressed that information on future trade missions and attendees has not been disseminated by DIT historically and as a result it had not been possible to ensure that the most appropriate sectors and businesses are representing the region.
- Five sector specialists have been appointed for the Northern Powerhouse covering: energy; advanced manufacturing; life sciences; digital and software; and professional services. These are pan-northern roles, the regional link is made via a designated partnership manager.
- A member suggested there may be benefit in inviting the partnership manager to a future EDRAB meeting to discuss how they work with and promote the region.

The Chair thanked officers for attending and requested that the presentation also be scheduled for a future Leadership Board meeting.

## 7 **DELIVERING THE STRATEGIC ECONOMIC PLAN, PROGRESS UPDATE**

Submitted: report of the Head of Paid Service, which provided a progress update on delivery of the Strategic Economic Plan.

In discussion the following points were made:

- Although good progress has been made against the target of 100,000 jobs by 2024, it has been agreed that the target will not be increased, reflecting the potential impact of Brexit. However, the target of 60% for 'better jobs' has been increased to 70%, taking into account current achievement at 59%.
- Analysis completed two years ago indicated that the focus of activities should be on businesses that have potential to scale-up, rather than new start-ups, as businesses with a turnover of approximately £1m are more likely to grow significantly in the next 1-3 years. A growth hub digital support tool is available for all small-businesses.
- Support for business start-ups is often provided by local authorities. This includes incubation units and activities that complement those provided by the LEP.

- A member raised concerns about the impact of apprenticeship reforms and it was noted that this is being considered as part of the skills theme by the LEP Employment Board.

## 8 **GOVERNMENT POLICY UPDATE**

Submitted: report of the thematic lead for Economic Development and Regeneration and a verbal briefing was provided on government policy related to the remit of the advisory board.

In discussion the following points were made:

- The government's legislative programme will be dominated by Brexit over the coming two year programme. Further briefings will be provided on this.
- Following consultation on the Industrial Strategy, a White Paper is expected in autumn and a briefing will be provided for the board at that point.
- Consultation on development of the UK Prosperity Fund is expected in autumn. The fund will replace current EU funding and will focus on decreasing inequalities and sustainable growth. A further briefing will be provided on this.

**RESOLVED:** the update be noted and future briefings to be received on the Brexit legislative programme, the Industrial Strategy White Paper and development of the UK Prosperity Fund.

## 9 **FORWARD LOOK - FUTURE ECONOMIC DEVELOPMENT AND REGENERATION ADVISORY BOARD ACTIVITY**

A report was tabled setting out a number of topics areas that the advisory board may wish to consider.

In discussion, the following additional potential areas of future activity were also highlighted:

- Follow-up to the event held by South Tyneside Council with key regional figures to explore what asks could be made of government in relation to Brexit, in the context of protecting the regional position.
- Linked to the proposal to invite M Taylor from the RSA to attend, a review of TUC work on the great jobs agenda, including issues of insecure work, how this could be tackled and how this work may complement that of the LEP; with potential attendance by economic social affairs representative from the TUC
- In respect of the UK Prosperity Fund, an early discussion on current thinking and issues such as EU clawback and continuity, attended by a lead civil servant. This could be supported by a piece of work to review what the region would want from the fund.
- A broader discussion about bringing companies to the North East. This could include a review of: the inward investment function; the potential to expand links with intermediary bodies in London; what links could be made to investment funds, for example pension schemes, to support speculative build developments; and if business rates could also be used to encourage investment.

A member suggested that all activities completed by EDRAB should result in a clear action or recommendation, ensuring that the wealth of information received by the board is progressed. The potential for themed meetings, with invited experts, was also suggested.

**RESOLVED** – that the programme of future EDRAB activity be developed taking into account comments made by the board.

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

Next meeting to be held on 24 October 2017 in North Tyneside, venue to be confirmed.