

North East Combined Authority

Economic Development and Regeneration Advisory Board

18 December 2015

Meeting held: Committee Room, County Hall, Durham, DH1 5UL

Present:

Councillor: P Watson (Chair)

Councillors: N Foster, L Twist, I Malcolm, J McCarty and B Pickard

Co-opted Members: Ms B Farhat, Mr S Hanson and Mr J Walker

17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M Foy and A Hepple and also Ms S Glendinning and Ms G Hall.

18 DECLARATIONS OF INTEREST

There were no declarations of interest.

19 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 1 October 2015 were approved as a correct record and signed by the Chair.

(a) EDRAW Membership Proposals – Update

(Minute 12 refers)

It was noted that the sub-group would begin to identify potential private sector experts once a clear position was known on the proposed priority sectors for investment and the progress of the devolution deal.

20 INWARD INVESTMENT

Submitted: Reports of the Economic Development and Regeneration Thematic Lead (previously circulated and copy attached to Official Minutes).

(a) Inward Investment - Development of NECA Investment Gateway Function

Members considered the report which provided an update on progress that had been made to establish the enhanced regional Inward Investment Gateway function.

The report also provided an overview of key activities since the last meeting and the inward investments into the NECA area from April to September 2015.

During the ensuing discussion, it was noted that:

- In welcoming the successful examples of investments, a Member asked for further information on the reasoning behind the success of these cases. A Member also asked for information on cases where an investor had shown an interest but no investment had subsequently been made and the reasoning behind this. It was noted that there was a range of matters that affected companies' decisions to invest in the NECA area and these matters would be analysed and reported back. It was also noted that more feedback was needed from the UK Trade and Investment (UKTI).
- A Member suggested that a representative of the UKTI should be invited to a future meeting to share their experience. A comment was also made about the previous suggestions of the Advisory Board to invite representatives of the companies that had invested or tried to invest in the NECA area to talk about their experience.
- Members noted the importance of closer and stronger relationships between the NECA and UKTI; this had been reflected in the asks to the government as part of the devolution deal.
- Examples were provided of how the potential investors were presented with options that matched their requirements. It was noted that, unless there was a very specific requirement, the investor was normally offered all suitable options from across the region.
- Members noted the importance, as highlighted by the Invest North East England Team, of the work to encourage companies to visit the North East so that the region's strengths could be sold to the potential investors.
- A discussion took place about the importance of the seven local authorities working even closer with each other to ensure compelling and suitable offers for investment.
- A comment was made about the importance of developing and using clear criteria for identifying and prioritising sites for the regional investment offer.
- A Member referred to the unemployment figures for the North East and asked whether more funding was available as part of the devolution deal to accelerate projects. It was noted that the NECA was working to improve the delivery of its strategic intent, including control over resources, and this would be reflected in the devolution deal.
- A discussion took place about the general importance of securing more resources. Officers spoke about the example of an aspiration to access larger markets such as China, which required resources. A discussion also took place about how the NECA area compared with other areas in the country, including in relation to the resources available to the investment teams. It was

noted that some areas had considerable budgets and had already entered larger markets such as China. As well as campaigning for more resources for attracting investment, officers emphasised the importance of working to develop stronger relationships with UKTI.

- In response to a question from a Member, it was noted that consideration would be given to measuring the input of resources against the outcomes achieved, although this had some complexity.
- It was expected that when the Investment Team became proactive, the number of enquiries would increase. It was noted, however, that many investment decisions had long lead-in times.
- A discussion took place about the importance of working with prominent business leaders and companies to engage them into becoming business ambassadors for the region, including when communicating with the government. It was noted that some constituent authorities already had such relationships established and consideration would be given to progressing this action.
- A discussion also took place about the importance of encouraging progression of the plans for the Northern Powerhouse and for the region to play an influential role.
- A Member suggested that consideration should be given to establishing a dialogue with large companies who stayed in the region on a temporary basis, in order to persuade them to stay.

RESOLVED – That:

- I. the update report be noted; and
- II. Members' views on the development of the Inward Investment function be noted.

(b) Inward Investment - Development of Sector Propositions

Members considered the report which provided an update on progress that had been made to develop a series of sector-based propositions to be used to attract inward investment into the NECA area. Members also noted the associated presentation which was delivered at the meeting (a paper copy is attached to Official Minutes).

As an update, it was noted that a Marketing and Communications company had been appointed to turn the propositions into web content and marketing collateral.

During the ensuing discussion Members commented on the importance of understanding the industries and keeping up-to-date with the key developments and trends to ensure a well-matching, attractive offer, including skills and infrastructure, that supported the cutting-edge developments. On advice from officers, Member noted the importance of focusing on a number of industries.

A comment was made about the feasibility of sponsoring events to promote investment. It was noted that the NECA already took part in promotional activities, including, for example, having a stand at a forthcoming energy industry event to see what opportunities that could bring. On advice from officers, Members noted that care should be taken in relation to the choice of events and activities.

RESOLVED – That:

- I. the update report be noted; and
- II. Members' views on the development of the sector propositions be noted.

21 **ECONOMIC ASSETS**

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

Members considered the report which provided an update on the prioritisation of strategic employment and housing development sites as part of the development of a regional investment plan.

During the ensuing discussion Members commented on the following matters:

- the importance of investment in all areas;
- keeping the urban centres resilient;
- developing rural areas;
- the importance of a holistic picture of the region inclusive of all elements such as roads, transport links, housing, skills, capacity and so on;
- the importance of effective infrastructure. An example was given of the retail industry which now relied heavily on purchases made using mobile devices via access to mobile phone networks and Wi-Fi;
- the importance of planning ahead, particularly when planning new developments, to ensure effective infrastructure and to avoid potential issues at later stages;
- as a way of going forward, the importance of a broader conversation on these matters through perhaps the Economic Directors Group, through the Thematic Leads working together and also through the devolution deal;
- the importance of creating wealth in the region whilst improving the quality of life for the local community, thereby ensuring sustainable communities that were well cared for;
- the importance of working jointly with the services that needed to be involved in discussions on these matters;
- the role of the Advisory Board in providing advice to the Leadership Board.

RESOLVED – That the report and Members' comments be noted.

22 **DEVOLUTION UPDATE**

Submitted: A report of the Head of Paid Service (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress to date on the proposed devolution of powers, responsibilities and resources from the central government to the North East and outlined the next steps in the process.

The ensuing discussion included the following matters:

- the amendments proposed by the government to the Cities and Local Government Devolution Bill concerning the process for the creation of Mayoral Combined Authorities and other amendments relating to devolution of functions to Combined Authorities comprising both County and District Constituent Councils;
- the business rates model, including risks associated with the devolution deal and the importance of understanding of what was the best model for the region. In addition the criteria for investment would also need to be developed;
- the need for discussions with the Economic Directors on the incentives that could be used to encourage investment in various areas of the region;
- the current deal was noted as not necessarily the final deal and that it may be changed following further rounds of consultation;
- the importance of clarity around funding, including in relation to the Local Growth Fund;
- the reduction in funding to local authorities and the potential lack of the attractiveness of the devolution deal due to the relatively inadequate level of the proposed initial allocation of revenue funding for capital financing; and
- the importance of continuous engagement with the business community.

RESOLVED – That the report and Members' comments be noted.

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

31 March 2016 at 10am at Gateshead Civic Centre.