

North East Local Enterprise Partnership Board



Thursday 23 March 2017

17.00 – 19.00

Venue: Tyne and Wear Fire and Rescue Service,
Barmston Mere, Nissan Way,
Sunderland, SR5 3QY

AGENDA

1. **Welcome from the Chair and apologies (5.00pm)**
2. **Minutes of the last Board Meeting held on Thursday 26 January 2016 (5.05pm).** The Board will be asked to agree the Minutes.
3. **The Industrial Strategy – Paper attached (5.10pm)**
Richard Baker to present to the Board.
4. **Funding and Investment Presentation (5.30pm)**
Helen Golightly to present to the Board.
5. **CONFIDENTIAL ITEM - Funding Updates – Paper attached (5.50pm)**
Helen Golightly to present to the Board.
Item 5 is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.
6. **DRAFT Business Plan – Paper attached (6.05pm)**
Helen Golightly to present to the Board.
7. **DRAFT Delivery Plan – Paper to follow (6.15pm)**
Helen Golightly to present to the Board.
8. **North of Tyne Devolution – Verbal update (6.30pm)**
Andrew Hodgson to update the Board.
9. **Any Other Business (6.45pm)**
10. **Date and Time of next meeting – Thursday 25th May 2017 from 5-7pm**

THIS IS NOT A PUBLIC MEETING

11. FOR INFORMATION

NECA Portfolio papers for Information

- **Economic Assets and Infrastructure** – paper attached
- **Employability and Inclusion** – paper attached
- **Transport and Digital Connectivity** - paper attached

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Date: 21 March 2017

Subject: Economic Development and Regeneration Theme Update

Report of: Economic Development and Regeneration Thematic Lead

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 Leadership Board is recommended to receive this report for information.

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

2.0 Inward Investment

2.1 Inward Investment 2016/17 (Quarters 1, 2 and 3) Successes

In the first three quarters of this financial year (April-December 2016), in total there were 64 inward investments into the NECA area which will lead to the creation of 5,530 jobs. This contrasts with the full four-quarter year in 2015/16 of 107 inward investments leading to 3,368 jobs. The North East has seen a number of very large job-creating investments this year in comparison to more, smaller investments last year.

This year's successes to date are made up of:

a) Foreign Direct Investment

There were 44 investments leading to the creation of 3611 new jobs, and many thousands safeguarded (these safeguarded being mainly from Nissan as a result of the Qashqai and X-Trail announcement). Investors included:

- Teleperformance (Call centre outsourcer)
- Accenture (Software ICT)
- Janus international (Manufacturing)
- Unipress (Automotive)
- Sitel (Outsourcing)
- Convergys (Outsourcing)
- Nissan (Automotive)
- Faurecia (Automotive)
- Smulders Projects (Energy)
- Accord Healthcare (Life Sciences)
- JDR Cables (Energy)

b) Investments by UK-owned Companies from Outside of the Region

There were 20 investments leading to the creation of 1,919 jobs. Companies announcing investments included:

- ResQ (Contact Centre)
- Estover Energy (Energy)

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- Fermeda (Life Sciences)
- Amicus ITS (IT Support)
- Lhasa (Digital)
- Vardags (FPBS)

Q1-3 2016/17 Successes by sector

Sector	FDI	UK Owned from Outside Region	Totals	Total Jobs created (three years)
Digital Creative	1	3	4	217
Software/ICT	4	2	6	616
Financial & Professional Business Services (FPBS)	8	10	18	2947
Energy	4	1	5	530
Life Sciences	2	1	3	121
Automotive	6	0	6	784
Other Advanced Manufacturing	19	3	22	315
Total	44	20	64	5530

2.2 Enquiries

Enquiry levels have been encouraging towards the end of the year with enquiries coming through to the INEE team both through the new website and by an increasing number of DIT leads. This comes on the back of a very quiet period spanning a number of months, due in part to the effect of Brexit. Recent figures provided by DIT show that this pattern of new enquiries dipping dramatically last year matched the national picture.

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. Recent visits to the region hosted by INEE have included companies engaged in digital media, life sciences, agritech and financial and professional business services.

2.3 Invest North East England Website/proactive work

One way in which the INEE team is planning to increase the size and quality of its investment enquiry pipeline is by becoming a proactive service, actively generating new investment enquiries. A key element of this new approach is the launch of the new INEE website, which launched at the end of October 2016. To complement the website launch, an associated social

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media campaign is taking place, aimed at generating enquiries from key sectors.

The web site has been recently enhanced with an improved property search function and a new regional 'Soft Landing' package will be launched shortly.

To back up the website, a number of promotional brochures are being produced to provide hard copies (also available electronically) for investors/events etc.

The INEE team has recently appointed OCO as a lead generation contractor. The contract commenced on 27 February 2017 for an initial period of six months with a possible extension of a further year. The contractor will provide in-market representation for Invest North East England in London and the South East. The focus of the contract is twofold:

- Actively generate new leads for the NE, with a particular focus on software/digital, and financial, professional and business services.
- Work with key London-based intermediaries (e.g. property agents, solicitors, accountants etc.) to ensure they understand the NE offer to companies so they will consider the area for current and future client requirements.

3.0 Regional Investment Plan / Project Pipeline

The Economic Development and Regeneration theme has the lead responsibility for coordinating efforts to enhance the region's important economic assets and to develop new ones that will promote growth.

A pipeline of both employment sites and housing sites was developed to underpin this approach. This pipeline informed the North East Local Enterprise Partnerships (NELEP) submission to round 3 of the Local Growth Fund.

The Chancellor's Autumn Statement announced that Local Enterprise Partnerships in the North of England would be allocated £556 million.

Following this, in January 2017 £49.7m Local Growth Fund was awarded to the North East Local Enterprise Partnership. The majority of this funding is to be allocated to the International Advanced Manufacturing Park (IAMP) scheme in Sunderland/South Tyneside, which will secure 5,200 jobs for the North East economy by 2025.

The LEP Board will allocate the remaining resource.

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4.0 Industrial Strategy

4.1 Introduction

4.2 The Department for Business, Energy and Industrial Strategy published 'Building our Industrial Strategy' on 23rd January 2017. This Green Paper sets out the Government's plans and strategy for supporting Britain's industrial sectors, improving productivity, driving growth across the country and making British business more competitive.

4.3 The consultation period for the paper will close on 17th April 2017 at 11.45am.

4.4 Purpose and aim of the strategy

4.5 The purpose of the industrial strategy is to address long-term challenges to the UK economy. The Government's aim is 'to improve living standards and economic growth by increasing productivity and driving growth across the whole country'.

4.6 The Green Paper aims to start an open and collaborative conversation about the skills, research and infrastructure required to drive long term growth in productivity.

4.7 The full paper can be found at the following link:
https://beis.gov.uk/citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf

4.8 The 10 pillars

4.9 The strategy is made up of ten pillars which draw together in one place a range of new and existing policy and related funding, as follows:

1. *Investing in science, research and innovation* – to become a more innovative economy and do more to commercialise the world leading science base to drive growth across the UK.
2. *Developing skills* – to help people and businesses thrive by; ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

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3. *Upgrading Infrastructure* – by upgrading standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.
4. *Supporting businesses to start and grow* – to ensure that businesses across the UK can access the finance and management skills they need to grow; and creating the right conditions for companies to invest for the long term.
5. *Improving procurement* – by using strategic government procurement to drive innovation and enable the development of UK supply chains.
6. *Encouraging trade and inward investment* – by using government policy to help boost productivity and growth across the economy, including by increasing competition and helping to bring new ways of doing things to the UK.
7. *Delivering affordable energy and clean growth* – by keeping costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.
8. *Cultivating world-leading sectors* – by building on areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.
9. *Driving growth across the whole country* – by creating a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.
10. *Creating the right institutions to bring together sectors and places* – by considering the best structures to support people, industries and places. In some places and sectors there may be missing institutions which could be created, or existing ones that could be strengthened, be they local civic or educational institutions, trade associations or financial networks.

4.10 A more detailed summary of the 10 pillars can be found in Appendix A.

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4.11 A North East Combined Authority / North East Local Enterprise Partnership response to the consultation is to be prepared.

5.0 NECA Overview and Scrutiny Committee

5.1 The Chair of EDRAB provided an update on the economic development and regeneration activity to the NECA Overview and Scrutiny Committee on the 14th February. The key discussion points were:

- The refresh of the North East Local Enterprise Partnership's Strategic Economic Plan.
- The number and types of jobs forecasted to be created by the new investment projects that have been attracted to the area.
- The lack of the availability of financial assistance to attract potential inward investors to the North East.
- An overview of Invest North East England approach to exhibiting at the MIPIM Property Event in London held in October.

6.0 Department for International Trade : Export Support Services

6.1 The Chair of EDRAB has requested a further meeting with the Deputy Regional Director of the Department for International Trade to discuss the attendance and future promotion of export Trade Missions.

7.0 Potential Impact on Objectives

7.1 The information provided and any views put forward by the Economic Development and Regeneration Advisory Board will help develop a response to the green paper aimed at supporting the NECA in meeting its objectives and the objectives set out in the refreshed Strategic Economic Plan, which is shortly to be published by the North East LEP.

8.0 Finance and Other Resources

8.1 While there are no direct resource implications arising directly from this report, there are significant funding issues that need to be taken into account and addressed by the Government. Only some of these are reflected in proposals in the Green Paper or issues for consideration.

8.2 A response to the Green paper should highlight the significant funding issues, which will include:

- i. The future of regional economic and skills funding, currently supported with European funding, which is an issue that is identified in the Green Paper for consideration and is particularly important for the North East;

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- ii. The immediate shortage of infrastructure and Local Growth grant support to enable many projects and programmes to proceed. Only £1.8bn of the £6bn bids for Local Growth Fund round 3 were funded nationally. Last year the NECA area identified a long list of over 70 projects and programmes with funding requirements of over £650m to be considered as potential bids for Local Growth Funding. This was reduced to a bid of £166m for 11 very high priority projects and programmes. The £49.7m of LGF grant recently allocated to the NECA area will only fund 1 large project and 1 merged small programme of activity, leaving many projects in the region still in need of funding. The need for additional Local Growth Funding needs to be considered;
- iii. The impact of cuts to grant funding programmes to help retain companies looking to expand and attract new inward investment, which reduces the competitiveness of England and the North East in comparison with other countries that can offer grant support for companies looking at different areas to locate their business; and
- iv. The current shortage of 'revenue' funding for economic development and skills, due to the focus on 'capital' funding by Government and the impact of Government cuts in revenue funding for local authorities, which has significantly reduced the level of spending on this discretionary area of spending. The latest figures for spending on Economic Development; Research and Business Support by the local authorities in the NECA area show a 38% reduction in spending from £78m in 2009/10 to £48m in 2015/16. This compares with a national average cut of 37% and an increase of 24% in spending in the South East region, which has seen the smallest change in its spending power in that time.

9.0 Legal

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

10.1 Other Considerations

10.1 Consultation/Community Engagement

There are no issues arising from this report for consultation.

10.2 Human Rights

There are no specific human rights implications arising from this report.

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10.3 Equalities and Diversity

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

10.4 Risk Management

There are no specific risk management implications arising from this report.

10.5 Crime and Disorder

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

10.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

11.0 Background Documents

11.1 North East Strategic Economic Plan – More and Better Jobs

11.2 *'Building our Industrial Strategy Green Paper'* Department for Business, Energy and Industrial Strategy, January 2017.

12.0 Links to plans in the Policy Framework

12.1 This report links to the Strategic Economic Plan and other plans in the Policy Framework.

13.0 Contact Officers

13.1 John Scott, Corporate Lead – Business, Employment and Skills.
Email: john.scott@southtyneside.gov.uk Tel: (0191) 424 6250

14.0 Sign off

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

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Date: 21 March 2017

Subject: EMPLOYABILITY AND INCLUSION UPDATE

Report of: Thematic Lead for Employability and Inclusion

Executive Summary

This report provides an update as to the latest progress being made in delivering the Employability and Inclusion; and Skills themes of the Strategic Economic Plan (SEP) for the North East.

Recommendations

The Leadership Board is recommended to note the contents of the report.

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1. National Policy Update

Improving Lives: Work, Health and Disability Green Paper

- 1.1 In October 2016, DWP and Department of Health published the *Improving Lives: Work, Health and Disability Green Paper* to consult on ways to improve labour market participation of people with disabilities and long-term health conditions and to halve the disability employment gap by 50% by 2020.
- 1.2 The consultation was highly pertinent to NECA as a high proportion of working-age residents claim health related out-of-work benefits. The consultation also fits with the direction of NECA employment programmes to better integrate health and employment support, and with the recommendations of the NE Commission for Health and Social Care Integration. Consultation events held by the DWP/DH Work and Health Unit were attended by officers in the EIS group, including a local consultation at Durham County Hall in early February.
- 1.3 The NECA response collated comment from LA employment and skills and public health officers. The response:
 - presents evidence of the scale of the work and health challenge in the north east and the large number of health related benefit claimants
 - highlights good practice happening locally
 - makes recommendations for more effective integration of work and health provision, including an improvement in assessment and referral mechanisms
 - recommends improvements to mental health support
 - proposes commission findings relating to improved support for keeping people in work and for in-work progression
 - proposes reform of the fit for work service and fit note system
 - notes the need for early intervention in sickness absence and greater occupational health support for employers, particularly SMEs, to recruit and support employees with disabilities and long-term health conditions
 - recommends a greater degree of local influence over national programmes and increased local commissioning.
- 1.4 The consultation closed on 17 February and Government has not confirmed when it will respond or timescale for a White Paper.

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Industrial Strategy Green Paper

- 1.5 The Government published the Industrial Strategy Green Paper on 22 January 2017. It is founded on 10 pillars which evidence shows are key to driving growth. Places with higher rates of investment in research and development, more highly skilled people, better infrastructure, more affordable energy and higher rates of capital investment grow faster and have higher levels of productivity. Policies on trade, procurement and sectors are also tools that can be used to drive growth by increasing competition and encouraging innovation and investment. The Green Paper also recognises that by strengthening the local institutions that support a more productive economy growth can be driven across the whole country.
- 1.6 One of the 10 pillars relates to developing skills. Within this, the Government recognises that it must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.
- 1.7 Within this context, the Industrial Strategy confirms the following as actions that the Government has already put in place:
- moving forward with schools reforms, consulting on our plans for a new, fair National Funding Formula for schools.
 - delivering more, higher-quality apprenticeships and introducing the Apprenticeship Levy to bring in investment needed in our young people.
 - setting out, through the Sainsbury Review and the Skills Plan, the a plan to radically simplify the thousands of vocational qualifications into a smaller number of high quality new routes.
- 1.8 In terms of new commitments, the Industrial Strategy confirms that the Government will:
- create a proper system of technical education, to benefit the half of young people who do not go to university and provide new, better options for those already in the workforce.
 - committing £170m of capital funding to the creation of prestigious new Institutes of Technology to deliver higher technical education in STEM subjects and meet the skills needs of employers in local areas.
 - exploring how to support further education colleges to be centres of excellence in teaching maths and English.

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- exploring how to give technical education learners clear information, which could include a way of searching and applying for courses similar to the UCAS process.
- responding to Professor Sir Adrian Smith's independent review of post-16 mathematics which will propose measures to improve take up of mathematics and close large regional imbalances in take up of advanced mathematics.
- considering how to enable the specialist maths school model pioneered by Exeter and King's College London to spread. We will seek partners to open mathematics schools of this kind across the country.
- exploring further encourage the uptake of STEM subjects to help meet unmet demand and build on the growth of recent years.
- working towards a joined-up, authoritative view of the sector specific skills gaps that the UK faces now and in the future.
- publishing a comprehensive careers strategy later this year to radically improve the quality and coverage of careers advice in schools and colleges, to make it easier for people to apply for technical education, and to give people the information they need to access training throughout their working lives.
- exploring ambitious new approaches to encouraging lifelong learning, which could include assessing changes to the costs people face to make them less daunting; improving outreach to people where industries are changing; and providing better information.
- taking further actions to address differences in skill levels between different areas to help drive economic growth and opportunity throughout the country.

2. Policy development in the North East

Labour Market Intelligence (LMI)

- 2.1 Labour Market Intelligence (LMI) for the North East continues to be developed. Discussions about future developments are taking place with the North East LEP and a number of digital partners who are designing some innovative tools to present data and information to various audiences.
- 2.2 The work to produce a number of Careers Videos to promote our key priority sectors has been completed. A new schools resources toolkit, 'North East Ambition' was launched in February 2017. Its purpose is to help teachers

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communicate the many exciting careers available in the North East, and the paths young people can take to get them.

- 2.3 The toolkit includes four videos, all showcasing young people and the jobs and training they're participating in, in our region. There has been some excellent feedback from schools on the videos and toolkits so far, including:
- "The videos are fresh - they don't look old and stuffy. They are current and importantly they use young people who students can identify with"
 - "In contrast to the commonly held view that the north east is an area of dying industry and limited opportunity, the video portrays the region as a thriving and vibrant place to live and work"
 - "In some cases the powerpoints were seen as more useful for staff as they enabled teachers to understand more about the labour market in order to be able to teach it."
- 2.4 Each of the four videos is accompanied by a teachers toolkit, including powerpoint presentations and lesson plans. Anyone can sign up to receive the resources from the North East LEP website.
- 2.5 Work is ongoing to support various initiatives with their LMI needs including the Good Career Guidance Benchmarks, development of Devolution proposals and support to ensure that ESF proposals meet our strategic priorities.

3. Programme and Project Update

DWP European Social Fund Opt-In for the North East

- 3.1 The DWP 'Opt-In' programme 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.
- 3.2 Working Links began delivery of the contract on 9 January 2017. The company had a good track record of delivery in the North East until the start of Work Programme in 2011 and is keen to reassert its local presence. It delivers a number of employment programmes in other areas, including Work Choice for people with disabilities seeking work.
- 3.3 The programme incorporates a mix of direct delivery by Working Links and through supply chain partners from a range of delivery centres and outreach venues. 54% of the contract is delivered through subcontracted partners in the public, private and third sectors, including specialist health support. The main

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delivery partners are Gateshead Council, Groundwork, Learning Curve Group, Northern Rights, Changing Lives, Finchale College and Sports Works, with a number of additional support services.

- 3.4 Along with job search activities, the programme offers a range of physical and mental health support from in-house health professionals. As an integrated work and health service is the key objective, the provider will need to engage with existing health services (such as those commissioned by CCGs) and make referrals as needed. Participants are referred through Job centres or other organisations and participation is voluntary.
- 3.5 Working Links will make regular presentations to the NECA EIS employment support group and has individually met local authority representatives in each area. Monthly local engagement meetings between DWP, Working Links and NECA/NELEP are being held to monitor performance and ensure co-ordination with other programmes and integration with services is working effectively. Initial meetings have indicated a positive start to the contract with a good number of referrals from Job centres.
- 3.6 However, NECA/NELEP is not party to contract management meetings and DWP has not confirmed the level of performance data that will be released. NECA/NELEP has requested that performance data is made available to local authority level as a minimum. This will be pursued with DWP at subsequent meetings and referred to ESIF sub-committee as necessary. Performance data made available will be reported to future Leadership Board meetings.

North East Mental Health Trailblazer

- 3.7 The North East Mental Health Trailblazer is piloting integration of employment and mental health services, with employment coaches working in Increasing Access to Psychological Therapies (IAPT) teams in coordination with clinical staff. It aims to support 1,500 unemployed people with mental health conditions to find work across NECA over 2017-18.
- 3.8 IAPT teams have responded positively to incorporating the model into their services. Staff appointments have been phased in line with projected referral flows; employment coaches are now in place in place in IAPT teams in each LA area and a recruitment campaign in February will bring the employment coach team to a full complement of 21.
- 3.9 Referral volumes from Jobcentres in the early stages have been very positive and clearly indicate a demand for a mental health and work service. Over 200 people have been referred to the service from early January to the end of February. More than half of these are from County Durham Jobcentres,

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reflecting the earlier start of the programme in Durham and the high number of eligible claimants.

- 3.10 A multi-agency steering group including CCG, DWP, NHS and local authority representatives will meet quarterly from March to oversee performance and strategic direction of the programme, identify opportunities for further work and health integration, identify sustainability options and develop succession strategies.
- 3.11 Publicity and an event for the programme, potentially with ministerial involvement, is being discussed with DCLG within the context of the recent Government consultation on work and health and the recommendations of the NECA Commission for Health and Social Care Integration.

Generation NE

- 3.12 Generation NE has been operational since July 2014 and the programme has supported in 3500 young people, of which 1400 have moved into employment to date and over 300 have gained work experience; 780 of those gaining employment have now sustained employment for 6 months or more.
- 3.13 The programme is continuing to deliver very good value for money compared to original expectations and this has been highlighted in a 'mid-term review' of the programme; a full report of the review findings was presented at to Leadership Board on 20 September 2016. A full evaluation of the programme will commence in coming months.
- 3.14 Delivery of Generation NE has now extended to cover the full NECA geography and the service is being received positively by Jobcentre Plus in Sunderland and South Tyneside with over 280 young people referred to date.
- 3.15 Generation NE is demonstrating the impact that can be achieved through a programme that is locally led, both strategically and operationally and that can impartially 'make sense' of a complex and fragmented system. In order to continue to contribute to tackling our local economic challenges Generation NE will be extended and widen its focus, delivering support for those young people that do not claim benefit and are generally ineligible for much of the mainstream government support. In principle agreement has been given by DCLG and DWP to this proposal. New ways of accessing support online are being piloted alongside face to face support to ensure that young people have more choice in how they receive support.
- 3.16 Funding that may support this extension is available within the European Social Fund programme. The lifetime of Generation NE may be extended for up to 3 years and the impact of the programme broadened to support a wider

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cohort of young people should additional resources be secured. Opportunities to apply for this funding are expected in early 2017.

Good Career Guidance Benchmarks

- 3.17 From June 2015 and in partnership with The Gatsby Foundation, North East LEP has been supporting the application of the Good Career Guidance benchmarks. This provides the opportunity to test the benchmarks in action; lead the development of practice which will have local impact and national profile; and improve the quality of provision and opportunity for young people.
- 3.18 The benchmarks have gained significant national traction and the skills lead for the North East LEP was asked to attend an invitation only meeting on 31 January 2017, in London where the Apprenticeship, Skills and Careers Minister outlined his vision for careers. He spoke about:
- Importance of lifelong careers
 - Need to transform careers and bring greater coherence to provision
 - Need a careers system that works for everyone, builds on what works and expanding both the quantity and quality of careers provision across the country.
 - All schools and colleges should be encouraged to use the Gatsby Foundation's career benchmarks (being implemented so successfully in the North East)
 - Careers guidance should lead to meaningful, skilled employment and will be central to the new industrial strategy and future productivity
 - Committed to publishing a comprehensive careers strategy for all ages later this year.
- 3.19 During and after the speech, the Minister commented that the North East is leading the way and that he now recognises the 8 benchmarks of good career guidance as 'the eight commandments'. This was reinforced on his recent visit to Gateshead College where he saw first-hand how outstanding careers provision can be implemented.
- 3.20 The North East LEP has been approached by the Department for Education (DfE) to work with colleagues at the DfE to ensure that the future careers strategy does indeed work for everyone.
- 3.21 The benchmarks continue to gain significant national traction and the North East LEP are hosting visits on a weekly basis. In February, they hosted a visit

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by the ARK Academies Trust to the pilot sharing best practice with 13 school leaders from the second largest academies chain in the country.

- 3.22 Schools and colleges involved in the pilot continue to make progress. Interim reviews of year 2 progress have been concluded and show that schools and colleges are now fully achieving more than 5 of the 8 benchmarks, making them better than the best ever observed in the Gatsby Foundation's original research.
- 3.23 In February, the North East LEP launched a suite of three LMI videos, supported by an educator resource pack for use in schools and colleges. The videos and supporting resources have been so far accessed by over 60 schools and colleges. The videos were launched at Schools North East Future Ready Conference.
- 3.24 The benchmarks continue to inspire collaboration. This is emphasised by event funded by the North East LEP which brought together independent schools, state schools, academies, local authority schools, universities, apprenticeship providers and employers to support each other to develop resources which teachers could use directly in their classroom and subject department. The collaboration was focussed on benchmark 4 – linking careers learning into the curriculum and was attended by over 100 people.

Enterprise Advisors

- 3.25 This key Government-backed initiative was initiated in September 2015. The Careers & Enterprise Company (CEC) is an employer-led organisation that has been set up to inspire and prepare young people for the fast-changing world of work. Its role is to take an umbrella view of the landscape of careers and enterprise, supporting programmes that work, filling gaps in provision and ensuring coverage across the country.
- 3.26 The North East LEP has taken the opportunity to shape and adapt the original CEC model to enhance the opportunities for school and business engagement. The Enterprise Advisor network is active in 38 or 39 LEP areas. A dedicated coordinator was recruited in November 2015 and another in May 2016, a third has been recently recruited.
- 3.27 To date 75 Enterprise Advisers have signed up. 43 schools and colleges have returned their self-assessment and supporting Enterprise Adviser action plan. Of the 43 schools, 38 have been matched with an EA, and an additional 5 pending matches for early in 2017 (which means an EA has been identified and first meeting to be arranged). 16 other schools and colleges who have met with an Enterprise Coordinator are in the process of completing the self-assessment document and are being followed up.

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3.28 The Career and Enterprise Company has allocated further funding for activity support including £1 million available for programmes in Opportunity areas (Blackpool; Derby; Norwich; Oldham; Scarborough and West Somerset). Additionally and in partnership with the Education Endowment Foundation and Bank of America the CEC has indicated that an additional £4 million would be available in England for programmes which include the following themes: Enterprise education; transition skills development; volunteering and work experience. The North East LEP is continuing to work alongside the CEC to try to ensure that North East schools and organisations are beneficiaries of these funds. Latest cold spot analysis reveals that the North East LEP region is 'in need' in 3/7 indicators.

Apprenticeships

- 3.29 The North East has a strong and active part to play in meeting the Government's target of three million apprentices by 2020. However, there is also a recognition that there is still much to be done to deliver the ambitious targets that the region has set within the Strategic Economic Plan (SEP).
- 3.30 The Apprenticeship Growth Partnership (AGP) continues to meet on a quarterly basis with a remit to support businesses, to encourage the development of apprenticeship vacancies, to promote higher level apprenticeships and to engage sector groups to develop standards and liaise and promote the development of high quality apprenticeships.
- 3.31 The online system that employers will use to manage apprenticeship funds was launched on 13 February 2017 and is now open for registration to all levy-paying companies. To help employers access and use this, a revised and updated version of the SFA apprenticeship toolkit has now been released to LEPs. These consist of detailed powerpoint presentations on the various apprenticeship reforms including the employer levy, Apprenticeship Service (DAS) and the new standards.
- 3.32 A series of events are being planned, one in each local authority area. Details confirmed to date are as follows:
- North Tyneside – 8 March at Quorum Business Park
 - Gateshead – 23 March joint event with Gateshead College
 - Sunderland – 8 March joint event with Unipres with a focus on levy paying businesses

Events in Newcastle, Durham, South Tyneside and Northumberland are still to be confirmed.

North East Combined Authority

Leadership Board

Skills – capital investment

- 3.33 Four from five original LGF Skills Projects are now physically completed and the remaining project at Northumberland College in Ashington commenced on site in early December 2016 and is planned to open in September 2017.
- 3.34 Following the project call in March 2016, two new skills focussed projects have been approved, both are social-enterprise led – Foundation of Light in Sunderland and Eagles Foundation in Newcastle. Both are using sport to connect and engage young people, raising their aspirations and introducing them to college courses and other providers.
- 3.35 In January 2017 the North East LEP received confirmation from Government of its funding award from Round 3 of the Local Growth Fund. A total of £49.7m has been awarded over the period 2017-21 to support the development of the 'International Advanced Manufacturing Park', north of the Nissan factory and the introduction of an 'Innovation, Skills and High Growth business' mini programme. The focus of the mini programme will be developed during the Spring.

4 Potential Impact on Objectives

- 4.1 The work being taken forward is consistent with the Combined Authority's stated objectives

5 Finance and Other Resources

- 5.1 Financial plans will be developed and reported to the Board as appropriate.

6 Legal

- 6.1 The legal implications of the work will be considered as delivery progresses.

7 Other Considerations

- 7.1 **Consultation/Community Engagement**

North East Combined Authority

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No consultation or community engagement has been undertaken at this stage in the work programme.

7.2 Human Rights

There are no specific issues arising from this report.

7.3 Equalities and Diversity

There are no specific issues arising from this report.

7.4 Risk Management

Appropriate risk management arrangements will be put in place as delivery progresses.

7.5 Crime and Disorder

There are no specific issues arising from this report.

7.6 Environment and Sustainability

There are no specific issues arising from this report.

8 Background Documents

- Work, health and disability green paper: improving lives
- Industrial Strategy green paper

9 Links to the Local Transport Plans

None

10 Appendices

None

11 Contact Officers

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North East Combined Authority

Leadership Board

12 Sign off

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

Building our Industrial Strategy

Summary of the 10 Pillars

1. Investing in science, research & innovation

The Green Paper sets out the Government's intention to:

- Substantially increase investment in R&D and ensure that UK research continues to be world class.
- Strengthen strategic capability through the creation of UK Research and Innovation (UKRI).
- Increasing the effectiveness of research investment.

Key new commitments:

- Start the consultation on the priority challenges for the Industrial Strategy Challenge Fund, and other opportunities that can be addressed using the increase in R&D funding.
- Review the case for a new research institution to act as a focal point for work on battery technology, energy storage and grid technology.
- Commission independent research on approaches to commercialisation in different institutions, including how they approach licensing intellectual property and taking equity in spin-outs.
- Harness the potential of the UK's home-grown inventors and stimulate user led innovation by launching a challenge prize programme. This prize, which will be piloted through the NESTA Challenge Prize Centre, will help inform support to the 'everyday entrepreneurs' operating in companies and at home – such as through supporting enabling environments, incubators and maker spaces.
- Review how to maximise the incentives created by the Intellectual Property system to stimulate collaborative innovation and licensing opportunities – including considering the opening up of registries to facilitate licensing deals and business-to-business model agreements to support collaboration. Intellectual Property Office representatives will be placed in key UK cities - starting with pilots in the Northern Powerhouse and Midlands Engine to build local capability to commercialise intellectual property.
- Set out a UK Measurement Strategy, establishing a framework to capitalise on the National Measurement System which provides UK industry with world-leading measurement science and technology. The new strategy will ensure there is the knowledge and facilities to support all sectors to benefit from measurement – helping them to trade, manufacture and export.

2. Developing skills

The Green Paper sets out the Government's intention on:

- Action to improve basic skills.
- The creation of a new system of technical education.
- Identifying and addressing sector-specific skills gaps.
- Higher quality careers information and advice.
- Testing new approaches to lifelong learning.

Key new commitments:

- Create a proper system of technical education, to benefit the half of young people who do not go to university and provide new, better options for those already in the workforce.
- Commit £170 million of capital funding to the creation of new Institutes of Technology to deliver higher technical education in STEM subjects and meet the skills needs of employers in local areas.
- Work towards a joined-up, authoritative view of the sector-specific skills gaps that the UK faces now and in the future.
- Publish a comprehensive careers strategy later this year.
- Take further actions to address differences in skill levels between different areas to help drive economic growth and opportunity throughout the country.

3. Upgrading infrastructure

The industrial strategy sets out the Government's intention to:

- Provide higher rates of public investment.
- Support private sector infrastructure investment.
- Make infrastructure costs more competitive.
- Align the planning of infrastructure more effectively with local growth priorities.

Key new commitments:

- Using infrastructure to support rebalancing, taking into account the balance of spending per head between different regions.
- Support other major infrastructure investments, including £1.1 billion of funding for local roads and transport.

4. Supporting businesses to start and grow

The industrial strategy sets out the Government's intention on:

- Access to capital for growing firms, and barriers to scaling up.
- Accessing the finance to grow.
- Backing institutions which can catalyse private sector equity investment.
- Improving support for scale-ups and entrepreneurs.
- Sharing excellence through peer-to-peer networks.
- Corporate performance and investment.

Key new commitments:

- Work with the British Business Bank to build understanding of the obstacles to firms accessing capital outside London and the South East, and the supply and demand-side causes of lower rates of equity deals.
- The Minister for Small Business will take on a new role of Scale-Up Champion, overseeing a task force to support high growth scale-up businesses across the UK and to build peer-to-peer business networks to improve productivity, working with Local Enterprise Partnerships, Growth Hubs, the ScaleUp Institute and other partners.
- Explore how data – such as that held by HMRC and Companies House – can be used to identify scale-up businesses and be made available to enable local public and private sector organisations to better identify, target and evaluate their support to scale-up businesses more effectively.
- Continue to build on the success of the British Business Bank, and work with the Business Growth Fund (BGF) and other private partners to raise awareness of equity funding, diversify funding streams and increase the supply of finance for growing businesses.
- Explore how we can support the development of B2B ratings and feedback platforms to make it easier for SMEs to determine the quality of business advice and support services provided to them by other firms.
- A review into entrepreneurship will be led by the Chief Entrepreneurial Adviser at the Department for Business, Energy and Industrial Strategy. The review will assess the support currently available to entrepreneurs and consider international best practice with the aim of identifying any potential gaps in current policy.

5. Improving procurement

The industrial strategy sets out the Government's intention to:

- Stimulate innovation through government procurement.
- Support economic growth through better procurement practices through a "balanced scorecard" approach.
- Focus on procurement in key industries like health and defence where Government's role as customer provides unique opportunities to achieve wider benefits through procurement.

- Transform digital procurement.

Key new commitments:

- Roll out the “balanced scorecard” approach recently developed by the Cabinet Office across all major central government construction, infrastructure and capital investment procurement projects over £10 million, including those in the National Infrastructure and Construction Pipeline, which was published in December 2016.
- Trial different aspects of designing and gathering supplier feedback in public sector procurement.

6. Encouraging trade and inward investment

The industrial strategy lists how the Government will:

- Build future trading relationships.
- Build global prosperity.
- Improve market access for exporters.
- Create a new, more active approach to winning overseas contracts.
- Join up trade and inward investment promotion with local areas.
- Develop a new, more strategic approach to inward investment.

Key new commitments:

- Creating a new more active “Team UK” approach to winning overseas contracts, with the Government helping convene consortia of companies to back a single UK bid for major overseas projects.
- Developing a new, more strategic approach to inward investment. The Department for International Trade will review what can be learnt from successful inward investment promotion agencies across the globe and it will report in 2017.
- Exploring how we can maximise the opportunities that a UK presence at existing international trade fairs offers for businesses; and explore where there are sectors which could benefit from support to create trade fairs.

7. Delivering affordable energy and clean growth

The strategy sets out the Governments approach on:

- Affordable energy.
- Changes to energy infrastructure.
- Harnessing the industrial opportunities from new energy technologies.

Key new commitments:

- The Government will set out in 2017 a long-term road map to minimise business energy costs.
- To inform this, the Government will commission a review of the opportunities to reduce the cost of achieving our decarbonisation goals in the power and industrial sectors. The review will cover how best to support greater energy efficiency, the scope to use existing instruments to support further reductions in the cost of offshore wind once current commitments have been delivered, and how the Government can best work with Ofgem to ensure markets and networks operate as efficiently as possible in a low carbon system. We will also review the opportunities for growth from the energy sector and the opportunities for the UK.
- The Government will publish an Emissions Reduction Plan during 2017, providing long-term certainty for investors.
- As set out above the Government will review the case for a new research institution to act as a focal point for work on battery technology, energy storage and grid technology, reporting in early 2017.

8. Cultivating world-leading sectors

The strategy sets out the Government's approach on:

- Challenging all sectors of the economy to upgrade through 'Sector Deals'.
- Supporting emerging sectors and innovative businesses.
- Building on existing sector relationships.

Key new commitments:

- The Government welcomes work on early sector deals:
 - Sir John Bell on life sciences;
 - Richard Parry-Jones on ultra low emission vehicles;
 - Juergen Maier on industrial digitalisation;
 - Lord Hutton on the nuclear industry; and
 - Sir Peter Bazalgette on creative industries.
- This is not an exclusive list. The Sector deals process will be open to all and the Government is prepared to work with any sector that can organise behind strong leadership to address shared challenges and opportunities.

9. Driving growth across the whole country

The Green Paper sets out the Government's intention to:

- Back local connectivity with strategic infrastructure investment.
- Raise skill levels nationwide, but particularly in areas where they are lower.
- Invest in local science and innovation strengths.
- Get the institutional framework right to support local industries.

Key new commitments:

- Use additional infrastructure funding to unlock growth in areas where connectivity is holding it back by creating new funding which allow better co-ordination of local economic plans with infrastructure investment.
- Work with local areas to test approaches to closing the skills gap; from early years education and the retention and attraction of graduates, to measures to drive the take up of apprenticeships.
- Propose creating competitive new funding streams to back the clusters of innovative businesses across the country.
- Work with local areas to identify and help develop industrial and economic clusters of businesses, and local specialisms, putting in place the right institutions with the right powers to help support local areas of economic strength.
- Propose establishing Ministerial Forums on Industrial Strategy with each of the Devolved Administrations.
- Consider the future of the European Structural and Investment Funds alongside the wider future funding environment following the UK's exit from the European Union.

10. Creating the right institutions to bring together sectors and places

The industrial strategy lists how the Government will:

- Work with local areas to identify and help develop local specialisms, putting in place the right institutions with the right powers to help support local areas of economic strength.
- Create new institutions or strengthen existing ones: be they educational institutions, trade associations or financial networks.
- Encourage in particular sector deals with a strong focus on local institutions.

Key new commitments:

- The Department for International Trade will review how it identifies priority investments, including with reference to the impact they can make in local areas where productivity needs to catch up.
- Review the location of government agencies and arms-length bodies, and will consider relocating them where they could potentially help reinforce a local cluster and support private sector growth. This will include cultural institutions.
- Support networks of universities where they want to come together to improve commercialisation.

- Work with local government to review how to bring more business expertise into local governance, and improve links between councils and the private sector. An example might be the creation of a modern “Alderman” type of role within local government.
- Explore further devolution deals for our largest cities.
- Following the elections for the first combined authority mayors in May 2017, the Local Government Association will work with new Mayoral Combined Authorities to build up administrative capacity.
- Work with Local Enterprise Partnerships to review their role in delivering local growth and examine how we can spread best practice and strengthen them, including extending the support they can receive from the What Works centre for Local Economic Growth.

North East Combined Authority

Leadership Board

DATE: 21st March 2017

SUBJECT: Transport and Digital Connectivity Thematic Lead Update Report

REPORT OF: Thematic Lead for Transport

EXECUTIVE SUMMARY

This report provides an update to the Committee on progress in our region on activities that are helping to deliver the key principles of the Transport Manifesto. The region has benefited from recent announcements, such as the International Connectivity report launch which features Newcastle Airport prominently and additional funding for local roads.

The region has seen some recent disappointment with no award of funding from the DfT's Access Fund. However, good progress is being made on securing funding for a new fleet of Metrocars, highlighted by Nexus' recent high profile event in Parliament that was well attended by MPs, local business and council representatives, government representatives and the train manufacturing community.

Transport for the North (TfN) continues to develop its Strategic Transport Plan, as well as a Major Route Network, comprising the roads that are strategically important to the North's economy. NECA will be working with TfN to ensure the appropriate routes in our region are included. Work also continues to ensure the region is at the forefront of digital connectivity and innovation.

The Bus Services Bill has had its second House of Commons reading delayed because of the government's Brexit Bill.

With Transport a critical contributor to improving the region's economy, it is important that sustained progress is made. This Committee should note the substantial progress made, whilst noting that there is much more to do.

RECOMMENDATIONS

It is recommended that the Leadership Board note the contents of this report.

North East Combined Authority

Leadership Board

1. Transport in the North East

- 1.1 Good Transport is at the heart of any successful economy. Being able to travel quickly, comfortably, and affordably can boost productivity and deliver real benefits to local residents and businesses. The NECA recently submitted evidence to the National Infrastructure Commission to help provide input into the development of its National Infrastructure Assessment. This submission highlighted the distinct attributes that the North East economy boasts and how significant investment in the regions infrastructure, including transport, could help deliver economic benefits.
- 1.2 As a region, we need to collectively seek out opportunities that deliver extra funding and delivery powers. The foundations to deliver on transport are in place in the now published Transport Manifesto. Now that the key principles of the Manifesto have been agreed, the region must start to deliver on these principles. This report provides a commentary on recent progress that has been made towards realising the vision presented in the Manifesto.

2. Key Announcements

2.1 International Connectivity report launch

- Chaired by John Cridland CBE, the 'Independent International Connectivity Commission Report' was published on 1st February 2017. Newcastle Airport features prominently, and its key role highlighted in the North's connectivity offer with its distinct catchment area.
- The report concludes that there is potential for substantial growth at Newcastle Airport but highlights that surface transport improvements are required to realise this growth, including the A696/A1 junction, and investment in the Metro and rail connections. The report also names Port of Tyne as a key strategic asset for the North.
- Ensuring that our region remains competitive on an international scale is of critical importance in ensuring a strong economy that allows business to thrive and we welcome the recommendations in the Commission's Report. We will bring forward the actions from this report as part of TfN's Strategic Transport Plan.

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2.2 Local Roads Funding

- The DfT announced further roads funding on 13th January 2017. The announcement set out the allocation for existing funds such as the pothole action fund, and also set out 2017/18 allocations for two new funds, the National Productivity Investment Fund (£185m) and Safer Roads Fund (£25m).
- Durham County Council and Sunderland City Council have been invited to submit proposals (by the end of April 2017) for funding from the Safer Roads Fund to reduce the risk of fatal and serious collisions on the A66 between Bowes and Barnard Castle and A182 Usworth – A19 West Boldon.
- £185m is available from the National Productivity Investment Fund in 2017/18. The funding is to be spent on local highway and other local transport improvements which aim to reduce congestion at key locations, upgrade or improve the maintenance of local highway assets across England, improve access to employment and housing and/or create job and economic opportunities. NECA is required to confirm how they will spend their allocation by the end of March 2017 and officers will seek clarification regarding the formula that will be used to calculate this fund.

2.3 Access Fund Update

- NECA has been informed that its Go Smarter bid to the DfT's Access Fund was unsuccessful. Over a number of years, the Go Smarter initiative, most recently through the Sustainable Travel Transition Year, has undertaken engagement work with people on how they can travel to work and schools more smartly. The funding for Sustainable Travel Transition Year ceases on 31 March 2017 and activities are on-going to explore what tasks are required to close down the project.
- More positively, Durham County Council will benefit from a collective bid made to Access Fund that was led by Blackpool Borough Council, to be delivered by Living Streets. This project will support economic, health and environmental development in targeted areas through active travel.
- Many of the areas awarded funds under the Access Fund are pursuing devolution deals, for example Tees Valley Combined Authority, which was awarded one of the largest sums at £3.3million. Additionally, a 'Cycling and Walking to Work' fund totalling £3.8m was awarded to Greater Manchester CA, Liverpool City Region and West Yorkshire CA. Officers are currently trying to understand where this fund originated, and why the North East was not given the opportunity to bid.
- The NECA will continue to seek further opportunities, where possible, to continue the work of furthering modal shift in order to

North East Combined Authority

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achieve a more sustainable environment for our region. We will also continue to deliver legacy projects under the Go Smarter banner where funds permit.

3. Metro

- 3.1 Following Leadership Board approval of the new Metro and Local Rail Strategy, Nexus has been holding a series of discussions with the government to discuss investment in the Metro fleet.
- 3.2 Nexus hosted an event at the Houses of Parliament on Tuesday 7th February 2017. This event was well attended by MPs, local business and council representatives, government representatives and the train manufacturing community.
- 3.3 The opening speech of the event was delivered by Nick Brown MP for Newcastle East, who explained the importance of securing the current ARP funding for Metro and why investment needs to continue. Further speeches were provided by Guy Opperman MP, Toby Hughes and Andrew Jones, Parliamentary Under Secretary of State at Department for Transport. The Minister recognised the importance of Metro to the North East and acknowledged that the fleet needs to be replaced. Although he was unable at this point to provide a commitment to government funding, he offered the government's assistance in moving the project forward.
- 3.4 The Nexus rolling stock replacement project received an "amber/green" rating in the DfT Office of Government Commerce Gateway Review, demonstrating a good outcome. Following a positive meeting with DfT's 'Board Investment and Commercial Committee' (BICC), Nexus is progressing funding discussions with Treasury and DfT with the aim of commencing a procurement process in June. Leadership Board approval of the final specification and procurement approach will be sought later this year.
- 3.5 Feedback has been received from the DfT regarding some elements of the outline business cases, resulting in updates to the economic cases. This along, with changes to the business case guidance, has resulted in a Benefit to Cost ratio of 3.92:1 for the replacement of the Fleet and associated infrastructure (this is considered high value for money) and 4.05:1 for Essential Renewal of the infrastructure (this is considered very high value for money). The updated cases will now be resubmitted to DfT.
- 3.6 A public consultation into the design of future Metro trains has been well received, with around 3,500 people taking part in three strands of research. A key finding has been that passengers prefer 'linear seating' as seen on a number of London Underground lines. This would allow for more space when trains are busy and for when people are transporting wheelchairs,

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buggies, and luggage.

- 3.7 Metro has arrested the decline in performance that was seen around 18 months ago, although punctuality on Metro remains below target. Patronage remains below target due to a drop in leisure based travellers, but campaigns such as Great North Snowdogs has helped offset some of this decline. The continuing struggles with poor punctuality underline the importance of the requirement for a new fleet of Metrocars. Without investment, from 2021 Nexus forecasts that it may need to reduce the Metro timetable as a result of fleet failures. This would undoubtedly mean the loss of customer confidence, reduced patronage and will be likely to lead to increased congestion. A strong Metro in our region will help enable a strong economy in the region that helps residents and businesses to get about.
- 3.8 Work to update the ageing Metro infrastructure continues and a busy programme under the Asset Renewal Plan is underway this calendar year, with the full replacement of the overhead line taking place and the replacement of the bridge at Killingworth Road in South Gosforth starting this summer.
- 3.9 On 24th March 2016, The Leadership Board endorsed a plan for Nexus to manage the Metro as an in-house operation from 1st April 2017 and to allow the current Metro Concession with DB Regio Tyne and Wear (DBTW) to expire on 31st March 2017. Significant work has been undertaken to ensure a smooth transition takes places. Whilst Nexus are putting measures in place to find ways to improve Metro's operating performance, it should be noted that the transition between operators elsewhere in the UK rail industry has sometimes resulted in a short to medium term decline in performance. Arrangements are being put in place to ensure TWSC can closely monitor the performance of Metro following the transition.

4. Transport for the North (TfN)

- 4.1 On 19th July 2016, The Leadership Board supported TfN's proposal to apply to become a statutory body with devolved powers. Following agreement by all northern transport authorities (including NECA), on 14th October 2016 TfN submitted a formal proposal to the Department for Transport to become a statutory Sub-National Transport Body.
- 4.2 TfN is developing a Strategic Transport Plan. Our involvement in this workstream is important in ensuring that our aspirations for key strategic transport links are taken into account. The overarching Strategic Transport Plan will be supported by two 'daughter' documents covering Rail (Integrated Rail Report) and Road (Strategic Roads Report).
- 4.3 TfN is developing a 'Major Route Network (MRN)' comprising the roads that are strategically important to the North's economy. NECA will be working

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with TfN to ensure the appropriate routes in our region are included. TfN's aim is to use the MRN to make the case for investment; it has no plans to seek highways powers. Having an extra voice through TfN will lead to better opportunities to win further funding opportunities.

- 4.4 The NECA area should be aspiring to be at the forefront of digital connectivity and technological innovation. Officers continue to work with TfN on developing Smart Ticketing, in particular, the delivery of a "Smart Back Office" to enable the use of contactless banking. Many other industries are embracing contactless, and it is critical that transport keeps up with the latest technological innovations.

5. Rail

- 5.1 As part of the Franchise agreements for TransPennine and Northern, enhanced services were planned to come into effect in December 2017 and December 2019. These were reliant on the completion of Network Rail engineering works, mainly electrification in the West of England, which would release additional diesel trains for service in the North. Due to delays in completion of those engineering works, there will be some delays to implementing the planned enhancements.
- 5.2 NERMU officers have responded to a Northern Rail consultation regarding the December 2017 timetable changes. The NECA welcomes the commitment to introduce half hourly services between Newcastle and Carlisle, although it should be noted that this is now delayed until May 2018.
- 5.3 On station re-developments, progress with Sunderland Station remains slow, despite several letters to Ministers. Another meeting has been set up with Network Rail to see if progress can be made. TNEC has agreed to provide Local Growth Fund money to Durham County Council to help progress the Horden Rail Station project. These are just a few of many rail projects planned in our region that aim to bring about significant changes to the rail network and facilities in the NECA area in the coming years, helping to improve accessibility and provide a better environment for business to thrive.
- 5.4 It was announced on 28th February that the RMT have voted in favour of industrial action and have proposed a strike on 13th March 2017. The Rail North position on this is as follows: "Rail North supports Northern's plans to transform rail travel and services across the North of England which will deliver substantial passenger benefits and benefit the UK economy. We are disappointed that industrial action appears likely. Staffing proposals are a matter for the operator to agree with staff and the unions. We encourage both sides to remain in dialogue and try and find a way forward that avoids impacting on the travelling public".

North East Combined Authority

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6. Bus Services

- 6.1 The Second reading in the House of Commons for the Bus Services Bill was scheduled for 31st January 2017, but that has since been delayed. We are aware that the Secretary of State for Transport, Chris Grayling, has indicated that that the House of Commons are likely to overturn some amendments that were made in the House of Lords, which were welcomed by this Committee and TNEC. These amendments included the ability for non-mayoral combined authorities to progress franchising without prior approval of the Secretary of State and the removal of the clause to prevent authorities from setting up municipal bus companies.
- 6.2 Commercial bus operators continue to make cuts to services, most recently in Sunderland, and with Newcastle to follow. These cuts are likely to undermine the NECA's work to promote access to work and training, a key issue that was flagged up by the Overview and Scrutiny Committee Policy Review into Transport related barriers to education, employment and training.
- 6.3 The "Task and Finish" Group that has been established to look into bus fares offered to young people across the region has had its first formal meeting with the three major bus operators in our region, Arriva, Go North East and Stagecoach. Discussions around the age of eligibility for young people's ticketing were encouraging. Parties agreed to take some time away to investigate further and will report back at the next meeting later this month. Running concurrently to this work, the NECA has commissioned an independent consultants study to provide an independent commentary on the ticketing offered to young people on bus services in the NECA area.
- 6.4 TNEC has requested the preparation of a bus strategy for the NECA area. Collaborative work is progressing to prepare a strategy and the views of operators are being sought as part of this strategy development work. A strategy is likely to be ready for consultation later in 2017.

7. Digital Connectivity Update

- 7.1 NECA Digital Leads are working collaboratively alongside the North East LEP to support delivery of the Strategic Economic Plan (SEP). Three sub-groups have been established to share knowledge and support development of our efforts to grow and promote Digital Skills; to ensure the region is well placed to benefit both economically and socially from Open Data; and to map and exploit Internet of Things' (IOT) potential. This work reaffirms that Digital Connectivity is a direct enabler of economic development and productivity uplift across our smart specialisation sectors, as well as providing the conditions for business growth and improved competitiveness.
- 7.2 The North East Digital Leads group are making significant progress with

North East Combined Authority

Leadership Board

their work to position the region as a 5G Connectivity trailblazer and to sustain and grow the region's competitiveness in the Digital Economy. The group has worked with Nexus and other partners, to develop an investible proposition for an IOT test-bed. A Project Manager has been appointed to lead on the development of a business case and to maximise funding opportunities to establish the test-bed's infrastructure. The work of the Project Manager is overseen by a Steering Group comprising NECA Digital Leads members from local authorities, Nexus and the North East LEP.

- 7.3 Our work is not taking place in isolation, but in coherence with our aspiration to ensure we deliver the inclusive growth which enables our people, businesses and communities to play a prominent role in the emerging Digital Economy. Working collaboratively to support the region to develop the Digital Skills needed to deliver our SEP, we are ensuring the north east is well positioned to support people and businesses to benefit from future devolution of employment and skills functions. This is consistent with our aspiration that the North East is increasingly seen, not only nationally but globally, as a location of choice for testing, refining and rolling out Digital products and services.

8. Next Steps

- 8.1 NECA, Nexus and local authorities will continue to monitor progress, referring to the key principles set out in the Transport Manifesto. Moving forward, development of the Transport Plan is critical in ensuring we have a robust policy base, from which we can continue to improve our Transport Network, by securing appropriate funding opportunities, and delivering on our aspirations.

9. Potential Impact on Objectives

- 9.1 Successful delivery of the various transport and digital connectivity schemes and investment proposals outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

10. Finance and Other Resources

- 10.1 The report includes information on funding and financial opportunities. There are no specific additional financial implications for NECA arising from this report.

11. Legal

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

North East Combined Authority

Leadership Board

12. Other Considerations

12.1 Human Rights

There are no specific human rights implications arising from this report.

12.2 Equalities and Diversity

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

12.3 Consultation / community engagement

Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

12.4 Risk Management

This report is for information only and there are no specific risk management implications arising from it.

12.5 Crime and disorder

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

12.6 Environment and Sustainability

Delivery of the various rail and public transport measures listed in this report should assist in meeting our objectives for a more sustainable transport system and improved air quality.

13. Background Documents

None.

14. Links to plans in the policy framework

The various transport schemes and programmes listed in this report link to the forthcoming Transport Plan for the North East.

Appendices

15.

None.

16. Contact Officers

North East Combined Authority

Leadership Board

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17. Sign off

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

23 March 2017

ITEM 3: Green Paper on Industrial Strategy

For discussion: Towards a North East LEP response

1.0 Background

- 1.1 The Government published its green paper, “Building our Industrial Strategy” on January 23 2017 inviting comments and submissions. The deadline for responses is April 17.
- 1.2 The North East LEP is aiming to prepare a response to the consultation, drawing from the views of North East partners and in pursuit of the aims set out in the Strategic Economic Plan. The LEP is also working through the LEP Network to contribute to a national response.

2.0 The Green Paper: Rationale, key aims and content

- 2.1 The Green Paper proposes that an industrial strategy is needed to increase long term productivity and competitiveness of the UK economy, and to drive growth across the whole country in the framework of the departure from the European Union.
- 2.2 In this context, the document aims to identify where proactive Government intervention can:
 - Build on UK economic strengths and extend excellence into the future in order to secure investment and develop markets for UK goods and services
 - Close identified performance gaps between sectors, companies and areas
 - Ensure that the UK is the most competitive place to start and build a business.
- 2.3 In addition to building for the long term, the document aims for immediate impact through identified interventions in the short term.
- 2.4 Key proposals are organised around 10 proposed pillars within which there are a range of issues and questions (see annex). These are:
 - 1. Investing in Science and Research:
 - 2. Developing skills:

3. Upgrading infrastructure
 4. Supporting businesses to start and grow
 5. Encouraging trade and inward investment
 6. Delivering affordable energy and clean growth
 7. Cultivating world leading sectors
 8. Public procurement
 9. Driving growth across the whole country
 10. Creating the right institutions to bring together sectors and places
- 2.5 In terms of the overarching approach, the Government seeks more general views on the following:
1. Whether the key areas of focus - extending strengths; closing gaps; and making the UK one of the most competitive places to start or grow a business – are right.
 2. Whether the 10 pillars are the right areas ones to tackle low productivity and unbalanced growth. If not, which areas are missing?
 3. Whether central government and local institutions are configured and empowered correctly to deliver an effective industrial strategy.
 4. What can be learned from elsewhere?
- 2.6 The document is long, but dialogue with other LEPs and Government departments has identified that some of the key issues and proposals on which Ministers are most seeking views are:
- The proposal to create Sector Deals – which can be understood as agreed intervention and investment programmes to support key parts of the economy and to improve variable performance within sectors
 - How to stimulate higher levels of investment in innovation delivery, nothing strong UK performance in research and development but less success across innovation delivery. This will be supported by a significant investment through the Industrial Strategy Challenge Fund announced in the Autumn statement
 - What the priorities are for infrastructure investment, and how to leverage stronger flows of private investment in economic infrastructure
 - How to enhance start up and scale up rates amongst businesses and to support the UK to be more competitive internationally to secure investment and markets
 - How to improve the flow of technical skills, and to ensure that there is a supply of labour which can respond to current and future demand in the economy
 - How to rebalance the economy sectorally and spatially, strengthening the diversity of the economy and closing the gap between different parts of the country on productivity and opportunity

- About the roles and performance of institutions, asking whether Government, Agencies and Local bodies are fit for purpose in driving local growth and which other institutions – including networks and key anchor institutions – could do more to support growth

3.0 Key themes for proposed North East LEP Response

3.1 We are intending to draw strongly from the SEP and seek input through the LEP's sub-Boards and through key partners in business and local government to shape the response. Likely themes and core messages are as follows, and it is proposed to include local data and case studies to illustrate these points:

- To welcome the intention to develop the strategy and the three key long term building blocks. To set out the North East's commitment to playing its role in driving UK growth.
- To support the importance of rebalancing the UK economy to deliver a more diversified economic model. To articulate this from two complementary perspectives; of both maximising the opportunity for the UK to deliver growth from a range of areas of opportunity drawing on assets from different places in the country; and to emphasise the need to close gaps in performance for areas and opportunity for people.
- To agree that Brexit provides a context which requires the UK to become more competitive and to emphasise the importance of the key decisions the North East needs; in particular access to European markets, labour supply and research networks, and to take opportunities to be more creative in methods of investment and secure global links. To highlight that these goals are mainly complementary.
- To highlight the importance and ambition of the North East Strategic Economic Plan as the agreed blueprint for North East growth and to detail the outcome of the 2016 refresh. In particular to highlight and detail key areas of opportunity¹ and introduce case studies which support these. To highlight a number of the key investments and programmes proposed in the SEP and position these for national support.
- To propose that Government should develop a framework of long term performance indicators which address themselves to the three key challenges and are used in Government investment decision making and reporting around the strategy. To propose that they should make progress on sources and frequency of key data to support these – for example on exports and trade links and on investment prioritisation. To suggest an

¹ The North East SEP highlights 4 key specialisms; a number of sub-sectors in the digital economy; automotive and medicines advanced manufacturing; health and life sciences innovation; offshore, sub-sea and energy technologies. Further it highlights 3 higher productivity service sectors where the NE has important clusters with strong recent growth which enable the wider economy; financial, business and professional services; education, in particular HE; transport and logistics

independent panel to monitor progress. To highlight the KPI framework in the SEP as an example, with its combination of both absolute and comparative indicators.

- To emphasise the lessons from other countries which have informed the priorities of the North East SEP. In particular the need to focus on drivers of productivity, employment, the local business environment and economic infrastructure. To highlight how different place geographies suggest nuanced thinking – eg the drivers and approach between polycentric and mono-centric regions may differ.
- To identify the importance of long term and stable institutional support for the economy and highlight the role of properly empowered local institutions which can; understand local economic issues; co-ordinate and support the work of partners across private, public and education sectors, and resource key activities through both targeted investment and active prioritisation in partnership with central government and its agencies. To highlight and illustrate the importance of supporting networks across sectors and bodies.
- To emphasise that Government and agencies need to both devolve, and bring central resources to bear effectively in support of local strategies and that this will require reform centrally.
- To acknowledge that local structures need the capacity and stability to work collaboratively across local boundaries to help deliver national priorities. To provide examples of both structured collaboration (East Coast collaboration on transport, the Northern Powerhouse and sector engagement) and more networked approaches (Work with Catapults, collaboration on 5G and pilots on Gatsby and Growth hubs) in which NE partners are engaged. To highlight the importance of both local capacity and national engagement to facilitate this.
- To comment on the need for proposed sector deals to explicitly embrace local capabilities and opportunities, through a matrix approach which can embed processes such as SEPs, smart specialisation reports and science and innovation audits so that national and regional growth can be aligned and strengthened.
- To set out the need for strengthening of local innovation and business growth eco-systems which can focus on commercialisation and to encourage and support increases in scale ups, exports, spin-outs and open innovation. To challenge the focus on re-inforcing established excellence alone, and to emphasise that ‘rebalancing’ requires a more granular approach aiming to identify and bring through sources of potential, in for example the science base, and to link opportunity to excellence.

- To set out the need for more devolved approaches to local skills which work across all phases of the education system and combine a focus on academic achievement, technical skill and personal development. To highlight the need to encourage more STEM and IT orientated education and report views from the region on current approaches – e.g. apprenticeship levy. To highlight the need to refresh skills across the life-course as the economy changes.
- To highlight the impact and importance of public investment, including details of previous investment programmes such as European funds and highlight the need to maintain investment levels but identify challenges with these streams. To comment on the need for more imaginative approaches to finance including strengthened local funds, support to deliver more engagement with national investor communities into regions, and delivery of more catalytic approaches to public procurement which can foster innovation.
- To highlight the key rationale for strengthening economic infrastructure; to foster productivity and access to employment and training through local connectivity; ensure resilience in the face of risks like flooding; to secure access to trade and investment markets and highlight key investments which could do more in and for the North East.
- To call for examination of the incentive and support structures for business, seeking to identify how to encourage higher levels of longer term business investment in research and development, skills and capital.

4.0 Recommendations

4.1 The questions below are proposed to inform a discussion with the North East LEP Board members to feed into preparing the proposed North East response:

- 1) Is this the right approach and structure for our response? Who else should be consulted?
- 2) Are these the right key areas for the North East response to be focusing on? If not which other themes of importance to the North East economy should we draw out?
- 3) Do you have comments about the outline core messages included in this paper?

Annex: The 10 pillars and key questions:

1) Investing in science and research

The Green Paper emphasises the importance of innovation and acknowledges how the UK delivers excellence in research, but does less well in innovation outcomes around commercialisation and responding to economic challenges. It

sets out key pillars of its current approach including key technology themes and the restructuring of the institutions supporting research aligned with Innovate UK. It seeks input on the following:

5. What should be the priority areas for science, research and innovation investment?
6. Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?
7. What else can the UK do to create an environment that supports the commercialisation of ideas?
8. How can we best support the next generation of research leaders and entrepreneurs?
9. How can we best support research and innovation strengths in local areas?

2) Developing skills

The Green paper sets out how the UK has a world renowned HE system and improving schools, and that there has been a recent growth in apprenticeship starts but acknowledges that there is a continuing challenge in delivering basic and technical skills, that there are skills shortfalls and mismatches across the country and that demographic changes are changing the structure of the potential labour force. It argues that a new system of technical education is needed for young people who don't go to university and that there needs to be a boost in STEM education and raising skills in lagging areas. It seeks input on the following:

10. What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?
11. Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons we can learn from other countries systems?
12. How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?
13. What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?
14. How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

3) Upgrading infrastructure

The Green Paper sets out a position that a modern infrastructure underpins the economy and that standards of performance must be improved in digital, energy, transport, water and flood relief and that national investment needs to more strongly support local priorities. It asks:

15. Are there further actions we could take to support private investment in infrastructure?
16. How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?
17. What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?

4) Supporting businesses to start and grow

The Green Paper sets out an analysis that there are key interventions needed to support start up and growth. It highlights that the UK performs well in overall density but that there are bottlenecks constraining growth in access to finance and business management skills. It asks:

18. What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries and how can they be addressed?
19. What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?
20. Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South East?
21. How can we drive the adoption of new funding opportunities like crowdfunding across the country?
22. What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are there outstanding examples of business networks for fast growing firms which we could learn from or spread?

5) Improving procurement

The Green Paper highlights the extent of Government procurement in the economy and highlight some of the projects and approaches which are currently used to secure supplies. It highlights the target to increase the amount spent on small businesses and the review of the small business research initiative which aims to catalyse innovation in SME's. It asks:

23. Are there further steps that the Government can take to support innovation through public procurement?
24. What further steps can be taken to use public procurement to drive the industrial strategy in areas where the government is the main client, such as health care and defence? Do we have the institutions in place in these sectors to exploit Government's purchasing power to drive economic growth?

6) Encouraging trade and inward investment

The Green Paper sets out the importance of internationalisation in terms of growing businesses and improving their competitiveness and also the driver that Brexit represents to delivering higher levels of global engagement. It asks:

25. What can the government do improve our support for firms wanting to start exporting? What can the government do to improve support for firms in increasing their exports?
26. What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?

7) Delivering affordable energy and clean growth

The Green Paper sets out the challenge of delivering new sources of sustainable energy whilst also limiting the costs of power for business and consumers and responding to climate risks and international agreements to limit carbon emissions. It highlights the importance of the government in creating a framework for long term energy investment. It asks:

27. What are the most important steps the government should take to limit energy costs over the long-term?
28. How can we move towards a position in which energy is supplied by competitive markets without the requirement for on-going subsidy?
29. How can government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?
30. How can government support businesses in realising cost savings through greater resource and energy efficiency?

8) Cultivating world leading sectors

The Green Paper sets out a view that particular sectors form an area of strength or opportunity and that the links between Government, institutions and business are key to supporting success, particularly in boosting higher productivity investments. It proposes Government activity to strengthen performance through sector deals. It asks:

31. How can the government and industry help sectors come together to identify the opportunities for a 'sector deal' to address - especially where industries are fragmented or not well defined?
32. How can the government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?
33. How can the government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?

9) Driving growth across the whole country

The Green Paper highlights the differing performance of different parts of the country and that the imbalances are some of the most pronounced in developed countries. It attributes this divergent performance to differences in investment in place assets and a failure to invest in connecting infrastructure and proposes that local institutions have an important role to play in tackling challenges in skills, innovation and targeting investment. It is a very green section of the paper with significant scope for further thinking and identifies these areas for action as key principles. It asks:

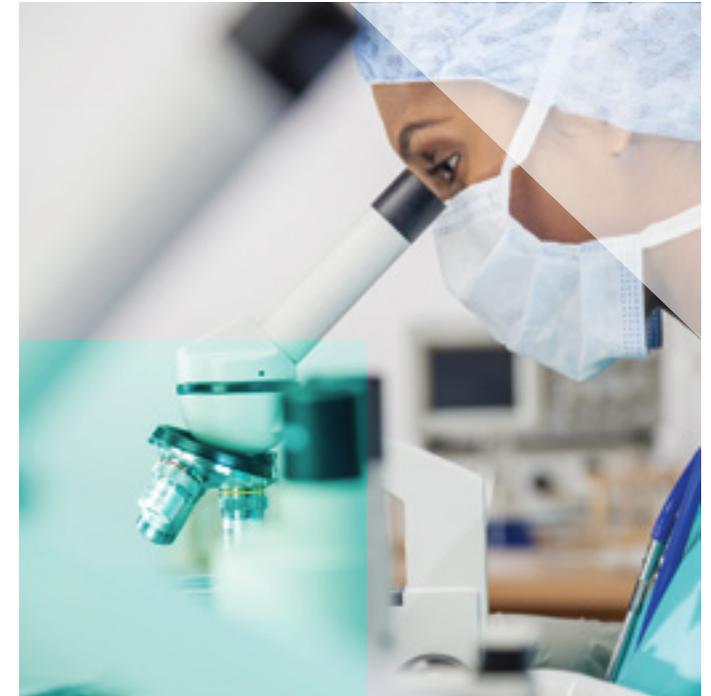
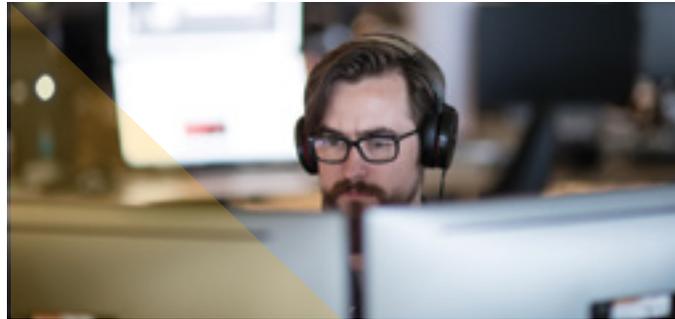
34. Do you agree the principles set out in this section are the right ones? If not what is missing?
35. What are the most important new approaches to raising skill levels in areas where they are lower? Where could investments in connectivity or innovation do most to help drive growth across the country?

10) Creating the right institutions to bring together sectors and places

Linked to section 9 the Green Paper proposes the importance of the right set of institutions to facilitate these processes and is open to changing, strengthening or creating new institutions at different levels and with different roles. A given factor is the importance of local leadership. It asks:

36. Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?
37. What are the most important institutions which we need to upgrade or support to back growth in particular areas?
38. Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

North East Local Enterprise Partnership
Business plan 2017/18



About the North East Local Enterprise Partnership

What is the North East Local Enterprise Partnership (LEP)?

The North East LEP is a public, private and education partnership that works together to improve the North East economy. The North East LEP covers Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland local authority areas.

What is the North East Strategic Economic Plan (SEP)?

The SEP is our plan for economic growth in the North East for the period 2014-2024. It sets out what we are good at, our targets to create more and better jobs and details how we are going to deliver them.

What is the LEP's role in delivering the SEP?

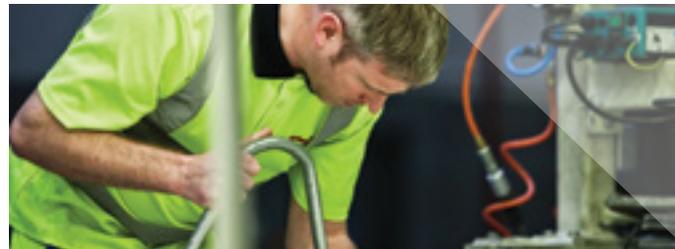
Our role is to provide strategic leadership for the region, working with partners and facilitating each element. We also aim to secure maximum investment and resources for the region, raise the national profile of the North East and work with partners on initiatives that will have the greatest economic impact for the area.



You can read the North East Strategic Economic Plan on the our website at northeastlep.co.uk

Why is it important to have a SEP?

The SEP is recognised by government as the North East's principal economic policy document that sets a strategic direction for our regional economy. It outlines our medium term economic plan and helps identify interventions and investments to support economic growth and to create more and better jobs for our economy. It is the plan which is shared and owned by the North East to grow the economy.



What are the targets in the SEP?

The SEP has two absolute targets. The first is to add 100,000 more jobs to the North East economy by 2024. The second is to ensure that 70% of the jobs growth is in 'better' jobs.

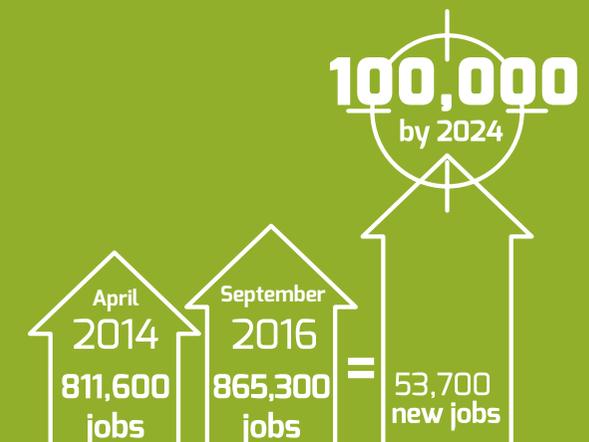
A *better* job is defined as being in the top three Standard Occupational Classification (SOC) categories, which are: managers and directors; professional occupations; and associate professional and technical occupations. Measuring this means we can demonstrate that we have higher skilled and more productive roles in our economy, which will bring greater wealth for North East residents and businesses.

We have also identified four comparative targets which aim to deliver a measurable reduction in the gap in performance between the North East and the UK average in key parts of the economy; productivity, business density, the employment rate, and economic activity amongst our population.

SEP target: 70% of the job growth is better jobs



SEP target: Increase the number of jobs in the North East economy by 100,000 by 2024



The North East Strategic Economic Plan sets out our ambition and goals.

The SEP details that we will focus our attention around four growing employment sectors that provide us with significant opportunity for growth. These are:



Tech North East
Driving a digital surge



Health Quest North East
Innovation in health and life sciences



Energy North East
Excellence in subsea, offshore and energy technologies



Making the North East's Future
Automotive and medicines advanced manufacturing

Our digital specialisms include:

- Software development
- Cloud computing shared services
- Systems design and communications
- Building information modelling
- Games design and delivery.

29,000
IT & digital
Employees

A software & technology industry valued at £2 billion
Part of a northern ICT Economy worth £12 Billion

15,250
Creative Industries
Employees



Our emerging specialisms include:

- Data analytics
- Virtual reality
- Smart data
- Cybersecurity.



Our national centres of excellence are:

- Ageing and age related diseases
- Personalised medicine
- Formulation
- Emerging national centres in healthcare photonics and dementia.



Highest ranked NHS trust

in clinical research studies in UK



The International Centre for Life

600 Employees from 35 countries
World leader in stem cell technology



World leading in offshore and subsea technology



Over 50 companies with a combined turnover of £1.5bn employ more than 15,000 people



50,000 STEM students
Coming through our universities every year

Key Sectors



Automotive



Medicines



In addition, we will work to grow the following three sectors, which support our growing businesses.



Education

We have a highly diverse education system including four universities providing a significant research base and educating 100,000 students each year.

Based on its share of employment, the education sector is estimated to account for nearly 7% of total North East LEP GVA and has seen growth over the last 10 years of around £700 million.

The further education (FE) system includes ten colleges and a range of other providers including sixth forms and private bodies. There are around 900 schools in the North East.



Financial, professional and business services

The North East hosts key segments of the UK's £180 billion financial technology, banking, insurance, securities dealing, fund management, management consultancy, legal services, and accounting services sectors.

There are 17,645 financial, professional and business services companies in the region.



Transport and logistics

Around 4,000 additional jobs have been created in the transport and logistics sector since 2014.

This comprises about 4% of the business base plus a range of public providers.



Delivering the North North East Strategic Economic Plan

We will focus our delivery around six programmes of work, which are outlined in the SEP. These programmes will support businesses to achieve and sustain growth. We will provide the leadership and work with our Board, Advisory Boards, partners and businesses to deliver the programme objectives. Our delivery plan tracks our progress.



Innovation

Innovation is central to the long term ambition of the SEP to build a more productive North East with a competitive business base and creative and inclusive communities. We will do this by:

- Creating an innovation ecosystem that embeds open learning and delivers business growth and social improvement through delivery of new products, processes, and technologies
- Improving our region's innovation infrastructure
- Developing strategies around our areas of opportunity.



Business growth and access to finance

We aim to increase the density of our high growth businesses by 50% through the creation of a business ecosystem that enables more businesses to scale. We will do this by:

- Improving access to support and finance
- Supporting businesses to achieve and sustain high growth
- Strengthening inward investment and trade flows
- Ensuring the North East can respond to economic change.



Skills

Improving skills is fundamental to our economic future so that our region has better jobs. We will continue to improve the skills pipeline in our region by:

- Developing 'North East Ambition' – a programme that will deliver outstanding career guidance
- Excelling in technical and professional education through our FE Colleges and private providers
- Working in partnership with education and business to have job ready graduates and high quality employment opportunities
- Reducing the gap between our best and lowest performing schools
- Reducing inactivity levels in our 50+ workforce by helping older workers to develop their skills.



Employability and inclusion

Strengthening our employment rate is key to 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. We will:

- Support people with health conditions to find and maintain employment
- Develop pathways for the most vulnerable and disadvantaged young people to help them to move into education, training and employment
- Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work.



Economic assets and infrastructure

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. We will make this happen by:

- Delivering growth focused Local Plans in our local authority areas
- Agreeing a pipeline of key projects for investment
- Developing the regional spatial planning framework.



Connectivity

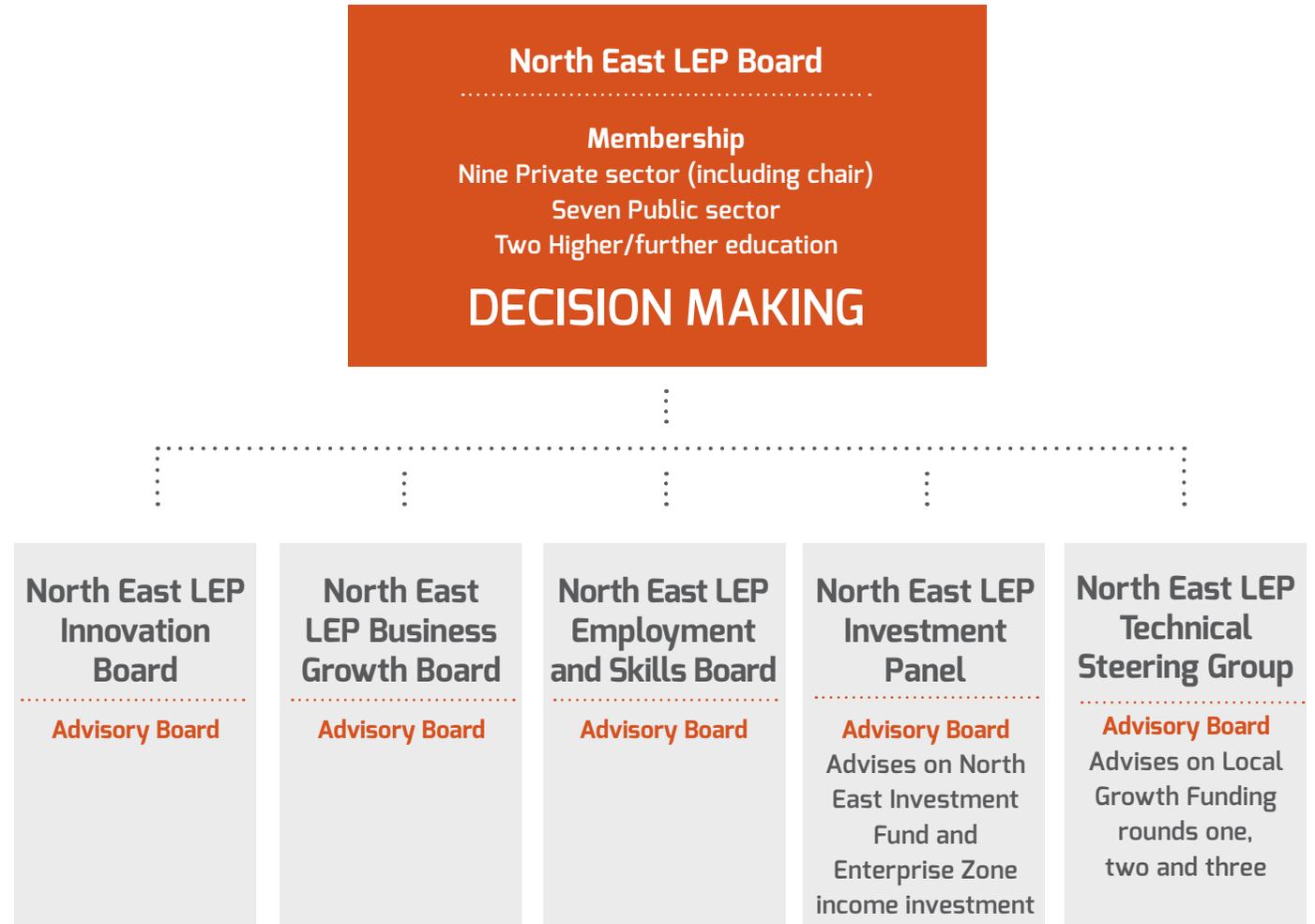
Connectivity plays a crucial role in enabling economic growth and sustaining jobs. Transport and digital infrastructure provide access to national and international markets, facilitates trade and inward investment, and ensures flows of goods, services, information and people. We will continue to build on this by:

- Helping people, services and goods move quickly, safely and reliably
- Improving national and international connectivity
- Developing and implementing the regional transport plan
- Developing digital connectivity through the availability of superfast broadband and development of 5G.



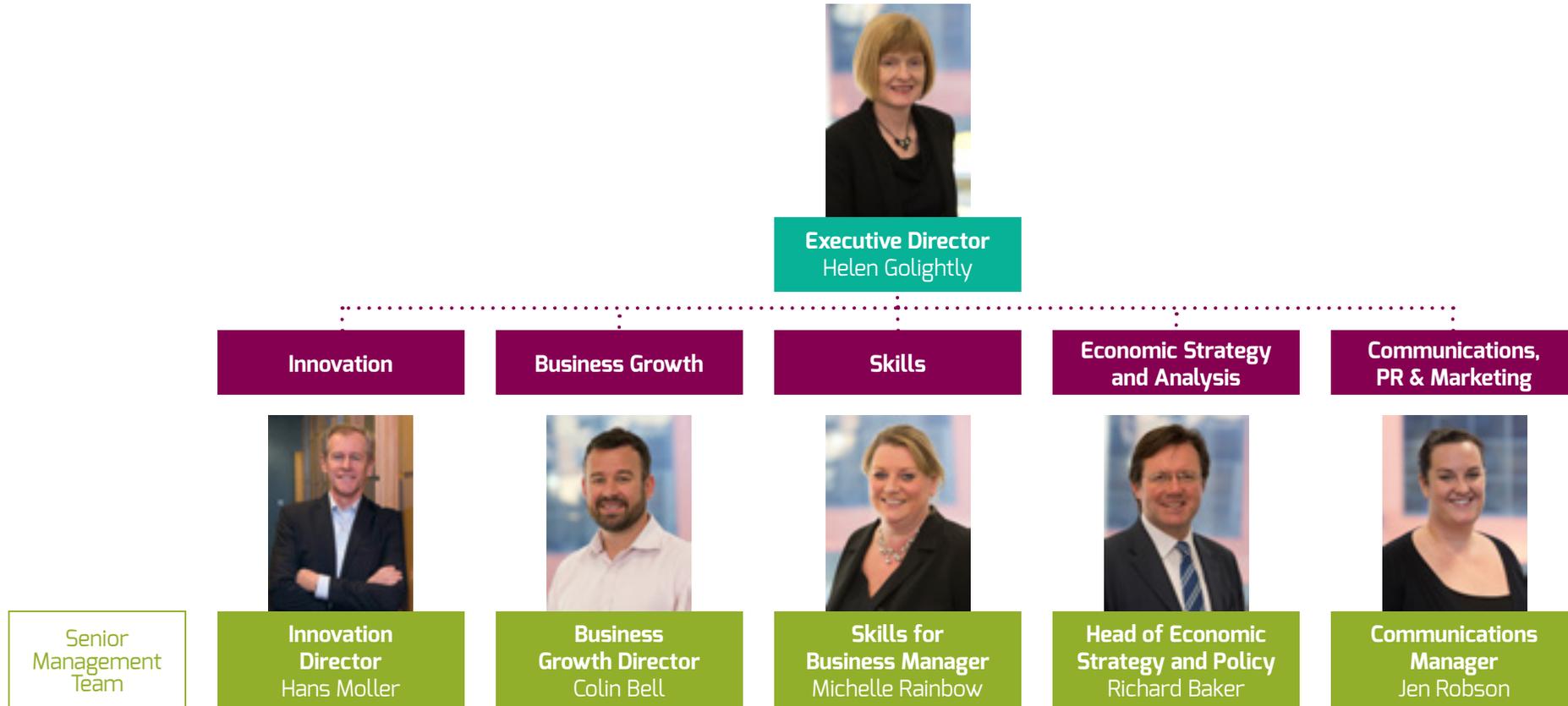
The North East LEP governance

Providing advice, oversight and decision making.



January 2017

North East LEP Executive Team



<p>Communications Adviser Katie Coward Communications Adviser Nicola McIntosh Programme Support Officer Dawn Bewick Programme Support Officer Ben McLaughlin Programme Support Officer Matthew Haywood</p>	<p>Programme Manager Ray Browning Programme Manager James Davies Programme Manager Matthew Ebbatson Programme Manager Heather Heward Programme Manager Dinah Jackson</p>	<p>Career Benchmarks Facilitator Ryan Gibson Enterprise Co-ordinator Denis Heaney Enterprise Co-ordinator Lindsey Peek Enterprise Co-ordinator Andrew Mills Mentoring Co-ordinator Helen Lee Senior Economist Victoria Armstrong</p>
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Budget

Income	2017/18 Proposed budget £'000
LEP core grant	500
Local authority contribution (£37.5k from each of the seven local authorities)	250
Local Growth Fund (2.5% top-slice)	1,200
North East Investment Fund and Enterprise Zone income	100
Gatesby Foundation contribution	94
Growth Hub grant	410
Enterprise Adviser contribution	78
North East Combined Authority (NECA) contribution	60
Interest on funding balances	140
Carry forward from 2016/17	151
Gross income	2,983

Expenditure	2017/18 Proposed Budget £'000
Employees	1,429
Premises	95
Communications, PR and marketing	247
Operations - Corporate	300
Operations - Strategic Policy and Economic Analysis	80
Operations - Innovation	110
Operations - Business growth and access to finance	20
Operations - Skills	20
Operations - Funds	93
Operations - Transport LGF monitoring and evaluation	200
Operations - Good Career Guidance Benchmarks and Growth Hub	249
Operations - Inward Investment contribution to NECA	140
Gross expenditure	2,983

The funding streams for investment

Capital investment and funding sources currently secured and managed by the LEP are:

Local Growth Fund

We manage the North East LEP's Local Growth Fund (LGF) allocation of £270.1m. This is a six year fund, which supports major capital projects across the North East LEP area.

We have supported 48 capital projects since 2014.

LGF Budget (m)	Round one and two	Round three	Total
2015-16	£53.9	£0.0	£53.9
2016-17	£79.4	£0.0	£79.4
2017-18	£31.8	£10.7	£42.5
2018-19	£24.1	£27.6	£51.7
2019-20	£16.6	£11.4	£28.0
2020-21	£14.6	£0.0	£14.6
Total	£220.4	£49.7	£270.1

North East Investment Fund

The North East Investment Fund is a loan fund supporting capital projects that encourage local economic growth and create jobs in our area.

North East Investment Fund

£55m capital evergreen loan fund
 £61m invested to date
 £45.3m of the fund is allocated
 £8.7m available for new investments in 2017/18

Enterprise Zone Business Rate Income

All Enterprise Zone business rate growth income comes to the LEP to invest. The North East LEP Board has agreed to invest in the 20 Enterprise Zone sites' infrastructure and then into other regional strategic economic investment priorities.

Enterprise Zone Business Rate Income

Income projection from the 20 sites over the 25 year period (up to 2038) is over £400m.

Project funding sources currently managed and delivered by the North East LEP are:

1. Growth Hub

£410k in 2017/18

The Growth Hub is the one stop shop for businesses to find the business support and access to finance they need to grow their business.

2. Good Career Guidance Benchmarks

£94k in 2017/18

The Good Career Guidance project is a national pilot being carried out in the North East that aims to implement best practice in careers guidance in schools and colleges based around eight benchmarks of best practice.

3. Enterprise Advisers

£78k in 2017/18

The Enterprise Advisers project aims to embed business leaders into secondary schools and colleges on a voluntary basis to help teachers shape the delivery of careers education.

European Funding

The North East also has a notional allocation of £437m of European Structural Investment Funding. This is administered by central government through the Department for Communities and Local Government.



European Union
 European Structural and Investment Funds



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