

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

Thursday 23 March 2017 at 5.00pm

Held at the Tyne and Wear Fire and Rescue Service, Barmston Mere, Nissan Way, Sunderland

MINUTES

Present:

Andrew Hodgson	Chair, North East LEP
Farooq Hakim	BT
Gillian Hall	Watson Burton
Ammar Mirza	AmmarM (UK) Limited
Andrew Moffat	Port of Tyne
Heidi Mottram	Northumbrian Water Group
Mark Thompson	Ryder Architecture
Councillor Grant Davey	Leader, Northumberland County Council
Councillor Nick Forbes	Leader, Newcastle City Council
Councillor Simon Henig	Leader, Durham County Council
Councillor Iain Malcolm	Leader, South Tyneside Council
Councillor Paul Watson	Leader, Sunderland City Council
Professor Andrew Wathey	Northumbria University
Karen Redhead	Association of North East Colleges

In Attendance:

Helen Golightly	Executive Director, North East LEP
Richard Baker	Head of Strategy and Policy, North East LEP
Ray Browning	Programme Manager, North East LEP
Gillian Kelly	Sunderland City Council

Apologies

Mayor Norma Redfearn	North Tyneside Council
Paul Varley	North East Clothing Company
David Land	Drive 2 Business
Councillor Martin Gannon	Leader, Gateshead Council

ACTION

1. WELCOME FROM THE CHAIR AND OPENING REMARKS

The Chair welcomed everyone to the meeting and thanked them for their attendance.

2. MINUTES AND MATTERS ARISING

The minutes of the Board meeting held on 26 January 2017 were agreed as a correct record.

Fund Update

Mark Thompson had suggested that a standard format in the reporting of capital projects would be helpful and Board Members agreed that this should be progressed.

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Meeting Decisions

Helen Golightly advised that the decisions made at the inquorate meeting on 26 January 2017 had been endorsed afterwards by the local authority leaders.

Inward Investment

Helen reported that she had discussed this with Guy Currey and the economic directors and they had advised that the lead person from each team met on a monthly basis to look at inward investment and discuss the pipeline etc. The clear position was that there was no further appetite from the local authorities to increase their role at the strategic seven local authority geography at the current time.

Councillor Malcolm advised that this was to be a staged approach and would take longer than had been hoped originally. The expectation from the private sector was understood and the private and public sector had worked together closely for MIPIM London last year and a regional approach would be adopted for a 'Northern Corner' at the next event.

Skills Presentation

Michelle Rainbow was working with Skills North East on business governors for schools and there was a conference taking place the following week which would look at vacancies and specialist needs.

SEP Refresh

The Strategic Economic Plan had been agreed and officially launched.

Trade Opportunities with India

Richard Baker and Colin Bell had picked the trade opportunities issue up with Ammar Mirza to take forward and a meeting was being held with UKTI the following week.

3. THE INDUSTRIAL STRATEGY

The Board were advised that the green paper on 'Building our Industrial Strategy' had been published on 23 January 2017 and responses had been requested for submission by 17 April 2017.

The Board were provided with an update on the proposed response of the LEP. The report set out the rationale, key aims and content of the strategy and it was reported that there were a large number of organisations making a response to the green paper and the LEP was trying to create a narrative response which played to the SEP and would draw in comments from business and the public sector and point to opportunities for the North East.

The key themes for the proposed North East LEP response included: -

- Welcoming the intention to develop the strategy and the three key long term building blocks
- Supporting the importance of rebalancing the UK economy to deliver a more diversified economic model
- Agreeing 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
- Highlighting the importance and ambition of the North East Strategic Economic Plan
- Proposing that the 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
- Emphasising the lessons from other countries which have informed the priorities of the North East SEP
- Identifying the importance of long term and stable institutional support for the economy and highlighting the importance of properly empowered local institutions
- Emphasising that Government and agencies need to both devolve and bring central resources to bear effectively in support of local strategies
- Acknowledging that local structures need the capacity and stability to work collaboratively across local boundaries to help deliver national priorities
- Commenting on the need for proposed sector deals to explicitly embrace local capabilities and opportunities.
- Setting out the need for strengthening of local innovation and business growth ecosystems which can focus on commercialisation and to encourage and support increases in scale ups, exports, spin outs and open innovation
- Setting 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
- Highlighting the impact and importance of public investment, including details of previous investment programmes such as European funds and highlighting the need to maintain investment levels but identify challenges

with these streams

- Highlighting the key rationale for strengthening economic infrastructure
- Calling for an examination of the incentive and support structure for business.

The paper presented to the Board had also been used as a basis for conversations with the LEP sub-boards and the main business organisations in the region. The Skills Board had raised the risks to the labour market as a result of Brexit, the offer to pilot a version of the Gatsby project in higher education and the local role and small and medium enterprises in sector deals.

The Economic Directors had highlighted local financing issues and the importance of local authorities as co-ordinators. Business organisations had suggested that the LEP speak to 'place' in its response and also wanted to emphasise public procurement and promoting more innovation through procurement. They also highlighted local KPIs and supporting local economic transitions.

It was noted that there was nothing in the green paper about agriculture and tourism and it was confirmed that the sectors were those which had been identified by the Government but the list was still evolving.

The proposed response had tried to communicate proposals which were already in the SEP and to position the LEP in relation to the streams in the budget such as the Industrial Strategy Challenge.

Following the discussion, it was summarised that the Board wished to have a focused response which would project the SEP effectively and that it needed to be sharpened up and to reflect 'place'.

Local authority chief executives would meet to consider the response and the draft would be circulated to Board Members.

The Board AGREED that the comments made during the discussion be used to inform the consultation response on the Industrial Strategy

4. FUNDING AND INVESTMENT PRESENTATION

The Board received a presentation on the role of North East LEP in fund management and investment decisions.

The LEP managed three funds; the Local Growth Fund rounds 1, 2 and 3, the North East Investment Fund and Enterprise Zone Business Rate income. It also had a key influencing role in European Structural and Investment Funds and the North East Fund (JEREMIE 2).

Local Growth Funding (LGF) Growth Deals were deals between the Government and LEPs to help deliver their Strategic Economic Plans and two

growth deals had been signed to date with the third imminent. There had been a total of £270.1m LGF capital resource allocated from the Government over the six years between 2015 and 2021. There was a job creation target of 7,000 by 2024/2025 and all of the projects' quarterly monitoring data was collected, collated and entered into a national database.

The North East Investment Fund was a £55m capital loan fund which had supported 25 projects since 2012. Approximately £10m was currently available for investment and the fund had also been deployed flexibly to support the needs of other regional funds and to lever in further monies.

Enterprise Zones were a major policy to stimulate investment and there would be approximately 295 hectares of land in the North East LEP area with Enterprise Zone status by April 2017. The sites offered financial incentives but required significant infrastructure investment with Business Rate growth income coming to the North East LEP. The indicative income and investment for rounds one and two of the Enterprise Zones was currently being reviewed but it was projected that round one could have a net surplus of £67m and round two of £130m.

The Board were also advised of the current position with regard to the European Structural and Investment Funds (ESIF) and the North East Fund. There were potential commitments of £241m against ESIF funding and over £27m available through ERDF project calls. There would be £120m available from the North East Fund for small and medium enterprises via loans and venture capital.

Having thanked Helen for the informative presentation, **the Board AGREED that the information be noted.**

5. FUNDING UPDATES

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

6. DRAFT BUSINESS PLAN

The draft Business Plan for 2017/2018 was presented to the Board.

The Board were advised that the plan tried to cover all of the frequently asked questions about the LEP and also set out the governance, members of the teams and the available resources. The document was to be outward facing and would be published on the LEP website. The Business Plan was well received by Board Members who found it very useful and were keen to ensure that it was a public document as soon as possible.

The Board AGREED the draft Business Plan 2017/2018.

7. DRAFT DELIVERY PLAN

The Board received a copy of the draft Delivery Plan for consideration.

The Board were advised that the delivery plan showed each programme as set out in the SEP and monitored progress, which would then be refreshed as data was received on progress achieved. The North East LEP Board had previously received reports on Innovation, Business Growth and Skills and Portfolio updates had been submitted from NECA for the other three themes of Employability and Inclusion, Economic Assets and infrastructure and Transport and Connectivity. The delivery plan attempted to bring all of the programmes together and a more complete version would be brought to the Board meeting in May. Board Members were invited to comment on the document.

Members requested a section in the plan which set out what was being done about something where progress was not as expected and it was suggested that there was some work to be done around the work of sub-boards to ensure consistency. It was noted that sub-boards would be identified as 'Programme Boards' which indicated that they were task focused.

The Board requested that a higher level financial plan be developed to demonstrate that multiyear programmes would be supportable.

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The Board NOTED the draft Delivery Plan.

8. NORTH OF TYNE DEVOLUTION

The Board received a verbal update.

The Board NOTED the update.

9. NECA THEME UPDATES

The Board received the following NECA Portfolio papers for information: -

- Economic Assets and Infrastructure
- Employability and Inclusion
- Transport and Digital Connectivity

The Board NOTED the reports.

10. ANY OTHER BUSINESS

There was no other business.

11. DATE AND TIME OF NEXT MEETING

The next meeting of the LEP Board would take place on Thursday 25 May 2017 at 5.00pm.

ACTION LOG

<u>Action</u>	<u>Lead</u>	<u>Update</u>
Mark Thompson suggested capital projects' progress was reported in a standard format.	Helen Golightly	To be brought to July Board after first quarter of 2017/2018
Develop a higher level financial plan to demonstrate that multi-year programmes had resources/capacity to be supported.	Helen Golightly	On main agenda