

North East Local Enterprise Partnership Board



Thursday 25 May 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 23 March 2017 (5.05pm).**
The Board will be asked to agree the Minutes.
3. **Delivery Plan – Paper attached (5.10pm)**
Helen Golightly to present to the Board.
4. **Annual Review 2016/17 Paper attached (5.25pm)**
Helen Golightly to present to the Board.
5. **5G Presentation – (5.30pm)**
David Barlett (Nexus) to present to the Board.
6. **CONFIDENTIAL ITEM - Funding Update – Paper attached (5.50pm)**
Helen Golightly to present to the Board.
Item 6 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.
7. **CONFIDENTIAL ITEM - Update on Enterprise Zone Financial Modelling, Principles and Performance– Paper attached (6.10pm)**
Helen Golightly to present to the Board.
Item 7 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.
8. **Budget Outturn 2016/17 and medium term budget plan – Paper attached (6.20pm)**
Helen Golightly to present to the Board.

THIS IS NOT A PUBLIC MEETING

9. Advisory Boards' Update – Paper attached (6.30pm)

Helen Golightly to present to the Board.

10. North of Tyne Devolution – Verbal update (6.40pm)

Patrick Melia to update the Board.

11. Any Other Business (6.50pm)

12. Date and Time of next meeting – Thursday 27th July 2017 from 5-7pm

FOR INFORMATION

The NECA Leadership Board and Committee Papers can be found at:

<http://www.northeastca.gov.uk/programme-scheduled-committee-meetings-municipal-year-201617>

North East Strategic Economic Plan – Programme Delivery update

May 2017

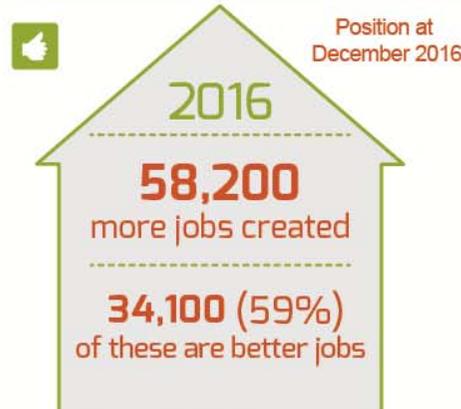


Performance against Strategic Economic Plan targets since 2014 (Last updated May 2017)

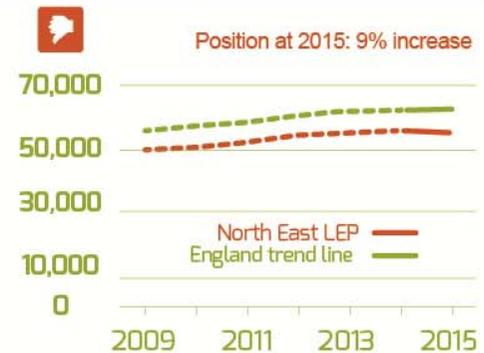
Target Increase the number of jobs in the North East economy by 100,000 by 2024



Target 60% of all jobs created from 2014 will be better jobs

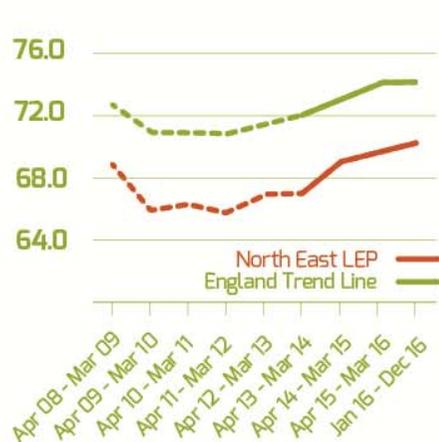


Reducing the gap in GVA per full time equivalent Target 50% reduction in gap by 2024



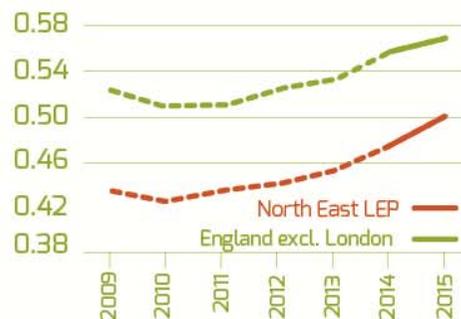
Close the gap in the employment rate

Target: 100% reduction in gap by 2024
Position at December 2016: 35% reduction



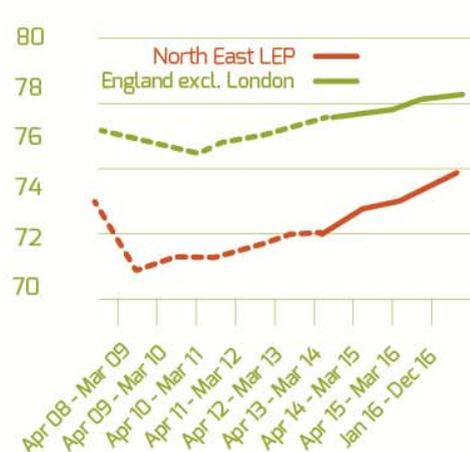
Reduce the gap in private sector employment density

Target: 50% reduction in gap by 2024
Position at 2015: 16.2% reduction



Reduce the gap in economic activity for people aged 16-64

Target: 50% reduction in gap by 2024
Position at Dec 2016: 43% reduction



Business Growth and Access to Finance Programme| Lead: Colin Bell

Goals

By 2024, our business growth programme will have made a significant impact on our employment and business density targets. We will do this by:

- Increasing the number of Scale Up businesses in the North East LEP area by 50%, creating an 6,000 additional jobs
- Securing growth in inward investment averaging 4,000 new jobs each year.

SEP Action	Progress/ current position	High level risks	Lead	Status
Scale Up North East – more high growth businesses will help us to secure economic resilience and increase private sector employment				
Develop the Scale Up North East programme to include the four elements below	<p>High Growth ERDF and LGF full business cases in development and led by RTC. The application to LGF will bring a crucial capital funding element of support to the overall Scale Up North East project.</p> <p>National LEP Lead on BEIS National Scaleup Taskforce, other North East based business representatives include:</p> <ul style="list-style-type: none"> • David Harrison, True Potential. • Steve Irish, Hyperdrive Innovation • Stephen Kelly, Sage • Jacqui Miller-Charlton Miller International <p>As required under our Growth Hub funding agreement with BEIS, a proposal on how the North East will rise to the Scale-up Challenge is in development for submission to the National Scale-up Taskforce in July 2017.</p>	Potential delay to the project beyond January 2018 due to ERDF decision-making processes outside of the LEP's control.	Colin Bell	G
(1) Inspire leaders by encouraging and facilitating peer mentoring and introduction	<p>'Growth through Mentoring' has made 8 placements. Quality of mentors and mentees is high and initial feedback is very encouraging.</p> <p>The Entrepreneurs Forum is continuing to run the Scale-Up Leaders Academy. Fifteen participants are involved in the pilot which will be incorporated into the wider Scale-up North East project.</p> <p>The Manufacturing Growth Programme: continues to support aspiring manufacturing companies. Currently working with 36 companies, with 15 interventions completed. Some 69 new jobs are forecast to be created of which 42 are better jobs (61%), and a forecast of £12.7m new turnover. There is strong evidence of the need to focus on developing leadership skills which is informing the Scale Up North East initiative.</p> <p>The 'Captured Programme' is now underway with Newcastle University Business School. The first two of six cohorts are in place and active.</p>	Attracting quality mentors and recruiting suitable mentees.	Colin Bell	G

Business Growth and Access to Finance Programme| Lead: Colin Bell

SEP Action	Progress/ current position	High level risks	Lead	Status
(2) Work to maximise Access to Finance in the North East	<p>Next step is to established a working group to understand the real issues and what can be done to alleviate investment constraints and better connect businesses with investment opportunities.</p> <p>Specific Access to Finance support is being designed as part of the Scaleup North East programme.</p> <p>Launch of North East Fund delayed to 15th June due to Purdah restrictions.</p> <p>LEP are organising a number of workshops to raise awareness of the Rural Payment Agency (RPA) Growth Programme which provides capital funding to business projects that impact rural growth.</p>	<p>Brexit and General Election could impact on delivery timescale of North East Fund.</p> <p>Failure for partners to allocate the RPA funding available within the relatively short timeframe.</p>	Colin Bell	A
(3) Encourage the adoption of digital technology	<p>Digital adoption has been embedded as a theme in the Growth Hub Live events series and content strategy.</p> <p>'Growth through Mentoring' has recruited four high quality mentors with strong digital adoption experience.</p> <p>John Barnett is now the Adoption of Digital Technology Champion on Business Growth Board.</p> <p>Specialist Digital technology support is being incorporated into the Scaleup North East project.</p>	<p>Challenges in recruiting high profile business leaders to engage in activity.</p>	Colin Bell	G
(4) Support business growth focussed on the smart specialisation areas	<p>Work with the Smart Specialisation working groups to develop plans for each area of opportunity.</p> <p>Incorporate recommendations, where possible, into our Scaleup proposal to BEIS and ERDF.</p>	<p>Dependent on the success of the Smart Specialisation working groups.</p>	Colin Bell	G
Continuously improve the North East Growth Hub	<p>The Growth Hub digital platform is performing strongly. April saw 660 referrals to providers and it's encouraging that providers are telling us that they have recognised increased demand and that the majority of leads are converting. This is also a clear demonstrating that the revised platform and content led approach is working.</p>	<p>Businesses fail to maximise the use of the Growth Hub.</p>	Colin Bell	G

Business Growth and Access to Finance Programme| Lead: Colin Bell

SEP Action	Progress/ current position	High level risk	Lead	Status
North East Growth Hub – A single access point for business information, advice and financial support				
Encourage the Business Support Providers' Network to collaborate and offer seamless support	<p>Latest network meeting took place 10th May with positive engagement of providers. The theme was on the automotive sector and included talks from Paul Butler of the NEAA and Charlie Nettle of the CIM and AV Dawson.</p> <p>The business support provider network is heavily reliant on EU funding; we need to begin working with the network to understand the extent of exposure and to work with BEIS and DCLG to develop a forward funding mechanism. These discussions have already begun through the Scaleup taskforce and Entrepreneurial Review.</p>	Post-Brexit, the demise of EU funding will impact on business support provider services.	Colin Bell	R
Provide simplified access to business support.	<p>The user journey through the growth hub is lean, the database comprehensive and this is reflected in the level of performance expressed above.</p> <p>Linked to the above point the business support landscape is heavily reliant on EU funding and we must now start to develop plans as to what the landscape will look like post Brexit.</p> <p>BEIS now require Growth Hubs to deliver impact (rather than just signposting) and have specified that Growth Hubs target scaleup businesses (whilst still providing a service to all). We are therefore continuing to work closely with RTC North and partners to deliver an account managed service to scaleup businesses which will be fully integrated with the North East Growth Hub through an application to ERDF.</p>	<p>Post-Brexit exposure and reliance on public subsidy for provision.</p> <p>Decision making delays for ERDF is beyond the LEP's control.</p> <p>Lack of engagement of partners and individuals to act as ambassadors for Scaleup North East.</p>	Colin Bell	A
Strengthening flows of inward investment – driving growth and employment				
INEE to build the strength, profile and coherence of the North East's inward investment offer	In 2016/17 financial year 84 new inward investments were secured leading to the creation of 6,124 new jobs over the next three years, along with many thousands safeguarded	<p>There are three main risks associated with all elements of the inward investment programme:</p> <ul style="list-style-type: none"> • Impact of Brexit on ability to attract new FDI • No longer have access to financial incentives whereas key competitors do (Sheffield £27m pot for inward investors + same for indigenous. Leeds £13m and £13m. Tees Valley £10m Liverpool £30m). • Election and impact on Northern Powerhouse/DIT 	Guy Currey	G
Develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains	Proactive lead generation work begun in March 2017. This work will focus on generating new investment leads primarily from companies based in London and SE England in the digital sector as well as financial, professional and business services sector.		Guy Currey	G

Business Growth and Access to Finance Programme| Lead: Colin Bell

SEP Action	Progress/ current position	High level risks	Lead	Status
Building our trade flows – increase export activity				
Stimulate greater awareness and demand for export	Trade is embedded in the Growth Hub content and events plan. Strong collaboration with Department for International Trade (DIT). Utilisation of DIT case studies across LEP social media and Growth Hub channels to raise awareness. Continued partnership to connect local DIT delivery to potential partner agencies and businesses. Following Ammar Mirza's visit to the Indian State of Karnataka and subsequent presentation to the LEP board we are working with DIT to develop a plan that will lead to a formalised trade relationship between Karnataka and the North East.	DIT activity is constrained by budget restrictions. This may impact on the content coming forward to the LEP.	Colin Bell	G
Provide an export business support offer	Enhanced Growth Hub content pages are in development in liaison with Exporting is Great partners and DIT. Meeting scheduled June 2017 with partners to finalise content. A Growth Hub Live event is scheduled during export week (November). DIT invited to join Business Growth Board. Colin Bell is now the LEP's representative on the North East World Wide board (SPV to deliver DIT contract in North East). The Programme Manager now attends the International Trade Committee.	Exporting is Great partners may not deliver on time due to Government capacity.		A
Early response and managing change – rapid response to economic shocks				
Develop a response plan with partners	Further discussion to take place with local authority partners. The Business Growth Board will consider further requirements. We have been liaising with Business Durham and Walkers regarding the closure in Peterlee and are monitoring the situation regarding the closure of the Coty site in Seaton Delaval, Northumberland. The local authorities in both areas are leading action to address issues, with a task force being established in Northumberland. In both cases there seems to be limited supply chain exposure in the North East.	Effective coordination between partners is essential.	Colin Bell	G

Innovation Programme | Lead: Hans Moller

Goals

Our vision is for the North East to take its place as an innovation hot spot in Europe – an exemplar in ‘smart specialisation’ and open innovation systems and practice. Our aim will be to encourage business growth and social development by creating an environment in which new products and processes can improve performance or solve challenges, embed new technologies and promote cross-sector learning and development for the economy.

SEP Action	Progress/ current position	High level risks	Lead	Status
Ecosystem development – provide business support, expertise, share knowledge and increase partnership learning				
Set up and deliver the Innovation Observatory project	Durham University was awarded the Innovation Observatory project and a MoU developed. Due to funding challenges, the LEP has provided initial funding against a specification to accelerate delivery; however delivery has been significantly delayed and long term funding has not been found. This is being closely monitored.	The Durham Uni staffing is not confirmed. Funding is not secured.	Hans Moller with Durham Uni	R
Set up a programme to support the development of a stronger network of incubators and innovation hubs	The Super-Network programme is running. The project is ERDF funded and aims to bring together different networks. A specification has been developed for incubator support to engage and support partner incubator development.	Funding is not secured after the initial 3 year funding period for the Super Network.	Hans Moller	A
Communicate the proof of concept funding landscape to business	Venturefest, Finance Camp and Challenges have been successfully delivered in 2016/17. Planning is underway for the 2017/18 activities. North East Fund proposals include funds to support innovative and early stage businesses.	The funds fail to deliver against a shared understanding of innovation projects. Project pipeline is not strong enough to support the level of investment available.	Hans Moller	G
Established North East Innovation Leadership	The LEP Innovation Board continues to bring together partners around the shared delivery of the SEP and informed the refresh of the SEP. The Board needs to become more delivery focussed to deliver the programme set out in the SEP. Proposals are being developed	Innovation Leadership is not recognised or understood by partners. Lack of understanding of North East strengths results in poor/ not strategic project development.	Hans Moller	G
Secure support for relevant national Science and Innovation Audits	The North East LEP is currently supporting a series of active Science and Innovation Audits, specifically as part of the Steering Group for the Bio-economy in the North and Subsea and Offshore audits. For Round 3, the North East LEP led the submission of an application of digital technology to advanced manufacturing and supported two on chemicals and materials ,and health.	Key areas of North East strengths are not covered in other relevant national Science and Innovation Audits.	Hans Moller	G

Innovation Programme | Lead: Hans Moller

SEP Action	Progress/ current position	High level risks	Lead	Status
Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network	The relationship with Innovate UK has continued to strengthen following a meeting with Ruth McKernan (Chief Executive) and appointment of Dean Cook (Regional Manager) to the Innovation Board. A strong project to build cross-catapult connections is progressing positively with Catapult Chief Executives meeting.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Hans Moller	G
Innovation Infrastructure – Projects and Programmes for Innovation				
Support the delivery of key innovation projects as set out in the SEP	LGF innovation projects are progressing and reported separately to the Board. A number of ERDF Innovation Projects have formally launched or moved to the next stage of the application process. Of particular note the university-led Research Commercialisation project (Newcastle and Durham universities) has launched. The most recent ERDF call for £10m of innovation projects is open.	Projects are delivered without meeting the Innovation Programme strategic objectives.	Hans Moller	G
Establish at least one test bed facility	Work is ongoing to secure a 5G testbed in the North East.	Government do not back this.	Hans Moller	G
Set out long term North East Innovation Infrastructure needs	This work is being scoped out.		Hans Moller	G
Smart Specialisation – Focus on four key sectors				
Produce four Smart Specialisation strategies	The Digital/Data and Health and Life Science strategies have been completed. The appointment of a lead for Health and Life science is underway. The Subsea and Offshore working group has been re-established to take this forward aligned with the Science and Innovation Audit work. The Automotive Alliance is to lead this work for automotive/advanced manufacturing.	All strategies are not completed or do not bring together the right sector lead partners.	Hans Moller	A
Establish the Data for Growth project	The Data for Growth report was agreed at the December Innovation Board meeting. Delivery will be embedded in the 2017/18 work programme with key milestones available.	Lack of clear lead partnership to deliver against Data for Growth delays progress.	Hans Moller	A
Establish a challenge approach for the Health Quest North East project	The Health Quest North East Project has been developed as a proposal and is currently seeking funding. Over 100 business have been approached for funding but not secured. Alternative approaches have been developed to enable this to progress and are being followed-up.	Funding for project is not secured.	Hans Moller	R

Skills Programme | Lead: Michelle Rainbow

Goals

Our vision for 2024:

- Providers and education establishments provide a mix of world class academic, technical and professional education, apprenticeships and higher level apprenticeships in all of the growing areas of our economy, ensuring that those entering the labour market have the right skills to thrive
- That skills supply underpins business growth and talent is retained in the region
- Every young person can identify routes into work, supported through experience and exposure to the world of work and inspiration. We want them to understand that life and work experiences, alongside career and formal qualifications, are incredibly valuable
- A reduction in inactivity levels in our 50+ workforce, as skills investment enables older workers to remain in work.

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.				
Support secondary schools and colleges who wish to adopt the benchmarks	<p>Schools and colleges are achieving the Benchmarks. Widely acknowledged as transformational activity. DfE expected to announce new careers strategy, including the career benchmarks in summer 2017. Good Career guidance introduced as part of the Industrial Strategy.</p> <p>3 colleges are participating in the pilot and are demonstrating outstanding results. A meeting with FE colleges was held, and all 10 agreed to sign up to the Benchmarks and participate in Enterprise Advisor (EA) Network. Matching process underway.</p>	Changes in government personnel and policy may mean national roll-out is delayed. This does not materially affect the North East.	Michelle Rainbow	G
Ensure all secondary schools have access to Enterprise Advisers	<p>Over 70 Enterprise Advisers recruited at Tier 1 and Tier 2. Recruitment campaign underway to target under-represented sectors.</p> <p>Target of 70 matched schools with EA's by August 2017. Enterprise Co-ordinator team working to encourage more rapid take-up by schools.</p>	Changes in government and policy may mean a change to the funded element of the programme	Michelle Rainbow	G
Develop and deliver the Pupil Mentoring programme	RTC North and Young Enterprise are co-ordinating their delivery activities across the region with input from local authorities, EAs and other support organisations.	A slower than anticipated take up by schools – this is being carefully monitored by RTC, YE and the LEP.	Michelle Rainbow	A
Develop and roll out a pilot Primary Schools Benchmark programme	Some funding has been sourced. Seeking further funding to facilitate delivery of the pilot. On-going discussions with Department for Education / Career & Enterprise Company and others.	A lack of funding may mean the benchmarks do not commence in September 2017	Michelle Rainbow	A

Skills Programme | Lead: Michelle Rainbow

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Excelling in technical and professional education - Working with providers, education establishments and businesses to develop the capacity and facilities to provide world class academic, technical and professional education.				
Encourage more and higher level apprenticeships with a key sector focus	Apprenticeship Growth Partnership meetings continue. Funding secured to support local authorities in delivery apprenticeship events to communicate to businesses about apprenticeship reforms. Campaign to raise awareness and promote apprenticeships to employers, young people, schools and parents.	Apprenticeship reforms may create some uncertainty and therefore apprenticeship numbers may slow. However public sector targets and levy spend may mitigate this decrease in overall numbers	Michelle Rainbow	G
Promote higher skills	Sector strategies being developed with key sector groups, including smart specialisation and enabling sectors. Working in partnership with sector groups including health and life sciences, digital, advanced manufacturing, construction to date.		Michelle Rainbow	G
Develop an approach to spousal support	This is part of an overall strategy for inward investment and is being developed.		Michelle Rainbow	G
Higher Education - Working in partnership with our four universities , colleges and employers to support economic growth and to ensure we have job ready graduates with the skills needed and high quality opportunities for them.				
Support universities spin-outs and start ups	Work is currently underway to evidence how many of the region's start -up businesses are university spin-outs or graduate start-ups, and the type of skills support these businesses require either from universities or external organisations.		Michelle Rainbow	G
Support universities to retain graduate talent in the North East	Working with sector organisations to articulate demand for graduate level skills and working with universities to consider future provision and opportunities. Communications campaign being developed to encourage graduate retention in the region with case studies profiling opportunities in key sectors.		Michelle Rainbow	G
Support universities to develop knowledge transfer partnerships	Working with the Business Growth and Innovation Programmes to understand how the universities and their R & D can support economic growth and benefit businesses in the North East.		Michelle Rainbow	G

Skills Programme | Lead: Michelle Rainbow

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Education Challenge - To reduce the gap between our best and lowest performing schools and to target that all schools in the North East achieve 'good' or 'outstanding' OFSTED rating.				
Develop and deliver an Education Challenge programme	<p>Governance - Communications campaign planned to raise awareness and showcase case studies of good practice in governance</p> <p>Placement opportunities for teachers and lecturers - Over 2016/17 a number of pilot placements for teachers (STEM) were sourced in businesses throughout the region. Learning / best practice from this pilot is being shared and further funding is being considered.</p>	<p>Once the proposition is fully developed we will further engage with potential funders and start the recruitment of prospective school governors.</p> <p>We are looking to expand the opportunities to a wider cohort and are currently considering funding methods to do this.</p>	Michelle Rainbow	G
50+ Workforce – retrain, regain, retain - To reduce inactivity levels in our older population by helping to develop their skills and make in-work transitions as the labour market changes.				
Develop a Fuller Working Lives (FWL) strategy	We are currently considering the FWL report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East in order to develop a North East Fuller Working Lives Strategy.		Michelle Rainbow	G
Understand and provide focus on work force skills for the older workforce to maintain their position within the labour market as skills' needs change.	<p>We wish to understand better the barriers, opportunities, unconscious bias and other factors with employers and to do so we have an event planned for September 2017 with HR Directors / CIPD members to raise and discuss the challenges and opportunities.</p> <p>We will be conducting a survey of our network early in the summer to canvas the opinions of a wider employer audience and use the findings of that survey to inform the discussion and debate during the September event. CIPD and Sage have offered to host the event.</p>		Michelle Rainbow	G

Employability and inclusion Programme | Lead: Michelle Rainbow

Goals

Strengthening our employment rate is key to our 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

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Fit and well for work - support people with health conditions to find and maintain employment				
Support primary care professionals in helping people access support to get them back into work	<p>Health and Wealth – Closing the Gap in the North East. The report has been produced and shared with partners with 10 recommendations clearly articulated to bring about transformational change.</p> <p>An ESF call has been written with DWP to support up-skilling and re-skilling of employees working in the Health and Social care sector. This call was considered at the ESIF Committee on 16th May. It now will have a final moderation check by DWP before being ready for launch.</p>	<p>Partners do not embrace and take forward.</p> <p>Future launch dates for ESF calls are unknown.</p>	<p>7 LA Chief Executives</p> <p>Michelle Rainbow</p>	A
Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.	Mental Health Trailblazer - referral volumes from Job Centres has been positive with over 200 referred to date.	Delays in ramping up delivery due to slow processing of claims by DWP (which is a common cause for concern across all ESF funded projects nationally). This is being carefully monitored by local partners who are keeping the ESIF Committee informed of progress.	Northumberland County Council	G
Work with employers to improve take up of the Better Health at Work Award Scheme	Development of project in initial stages		Michelle Rainbow	G
Continue to address the importance of in work progression and job equality	Development of project in initial stages		Michelle Rainbow	G

Employability and inclusion Programme | Lead: Michelle Rainbow

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Youth Employment - develop pathways for the most vulnerable and disadvantaged young people to help them move into education, training and employment				
Create and scaleup initiatives that adopt innovative and agile approaches to meeting local needs	Of the 3500 supported to date, 1400 have moved into employment, half of which have sustained employment for six months or more. Additionally over 300 have gained work experience . A full evaluation of the programme will commence in the coming months.		Michelle Rainbow	G
Deliver the Durham Works project	Project is progressing to schedule and is funded by ESF and the Youth Employment Initiative (both are European funded programmes). Future funding streams post 2018+ to support those aged 15-24 is being explored for County Durham	Risk of not securing future ESF funding	Durham County Council	G
Ensure young people have the access to support and skills required to progress employment.	<p>Newcastle College Group has been successful in securing funding from SFA / ESF for this project. The project commenced delivery in late 2016 and runs to July 2018 with the aim of supporting 1300 young people.</p> <p>The LEP has set up a provider network meeting on 23rd May to help the 12 ESF funded employment providers collaborate and work together to provide the best service and employment outcomes for its clients, including young people. This meeting will focus on sharing good practice, cross referrals and encourage a joined up model to approaching and working with local employers</p> <p>Work is on-going to secure future funding for employment services for young people</p>	<p>Collaboration across service providers is voluntary. The service contracts awarded by SFA and others have targets which must be achieved to draw down funding; making it challenging to collaborate and cross-refer clients to more appropriate services.</p> <p>Uncertainty about future funding, in particular ESF funding</p>	Michelle Rainbow	G
50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work				
Develop and implement a 50+ workforce strategy in partnership with key stakeholders.	Development of project in initial stages		Michelle Rainbow	G

Employability and inclusion Programme | Lead: Michelle Rainbow

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Active inclusion – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.				
Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.	<p>Gateshead Council has been awarded ESF / SFA funding £2million to support third sector organisations who will work with 1000 unemployed learners. This project is performing extremely well and has been well received by the voluntary and community sector. The Council have asked SFA to extend their project, both in terms of funding and to deliver beyond the current contract end date of July 2018 and funding post July 2018 not yet confirmed.</p> <p>A further £19 million worth of contracts have been issued by Big Lottery's Building Better Opportunities programme to support those furthest away from the labour market. This will support 4500 individuals on pathways to employment. As above, all 12 providers of ESF funded employment and skills provision are attending a LEP organised event on 23rd May which will focus on sharing good practice, cross referrals and encourage a joined up approach to working with local employers</p>	Securing additional ESF//Big Lottery funding currently being considered at a national level. No date has been given for a decision as yet.	Michelle Rainbow	A
Provide targeted support to those with protected characteristics.	Call has been drafted and with the ESF DWP team was considered at the ESIF Committee meeting on the 16th May. This now needs a final moderation check by DWP before being ready to launch.	Future launch dates for ESF calls are unknown.	Durham County Council	G
Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.	Development of project in initial stages		Michelle Rainbow	A
Adopt a community-led local development approach within our communities suffering from significant deprivation.	Projects have submitted final proposals for delivery to both ERDF and ESF programmes. These will be appraised and decisions made in the coming months by DCLG and DWP before delivery commences.	None at present as projects are progressing as planned.	7 Local Authorities Chief Executives	G

Economic assets and infrastructure Programme| Lead: Helen Golightly

Goals

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.

SEP Action	Progress/ current position	High level risks	Lead	Status
Develop Local Plans which support North East economic ambitions				
Develop 7 local authority statutory Local Plans	<p>Local Authorities are progressing through the stages of plan preparation. Local authorities have a duty to cooperate and the seven local authorities have all signed an MOU of cooperation.</p> <p>Local Plans adopted to date:</p> <ul style="list-style-type: none"> Newcastle and Gateshead joint core strategy adopted North Tyneside – the inspector’s report concludes that the North Tyneside Local Plan provides an appropriate basis for the planning of the Borough provided that a number of main modifications are made. <p>Local Plans developed and not yet adopted:</p> <ul style="list-style-type: none"> Northumberland – Local Plan core strategy submitted and examination in public due to start in September 2017 <p>Local Plans in development are:</p> <ul style="list-style-type: none"> Durham – the local plan process was paused to assess the implications of the Housing White paper, the next stage is to consult on preferred options Sunderland and South Tyneside are working through the plan preparation process 		7 LA Chief Executives	A
Securing investment – to deliver strategic employment and housing sites				
Develop a robust pipeline of sites for business development and housing investment	<p>The initial sites’ local authorities pipeline is in place. It needs to be reviewed and updated by Local Authorities and the HCA ready for investment.</p> <p>The LEP will embed the local authorities pipeline into a North East strategic investment project pipeline to utilise for future funding and investment opportunities .</p>		7 LA Economic Directors Helen Golightly	G
Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites	<p>Work on round 1 EZ sites is progressing.</p> <p>Round 2 sites were launched in April 2017 except the IAMP which is 2018.</p> <p>The EZ financial modelling for rounds 1 and 2 has been updated and is being externally tested.</p> <p>A revised investment model using business rate income is being developed to inform a local agreement.</p>		Helen Golightly	G

Economic assets and infrastructure Programme| Lead: Helen Golightly

Collaborative development of spatial planning framework for the North East, supporting the SEP				
Publish a North East Development Framework	The 7 Local Authorities have produced a brief for the spatial planning framework and a scoping report was discussed at the LA7 Housing and Planning group in April 2017.		7 LA Chief Executives	G
Explore a collaborative approach to strategic mitigation to deliver the mitigation hierarchy set out the National Planning Policy Framework	TBC – Update required from the LA7 Housing and Planning group		7 LA Chief Executives	A

Transport and connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
North East Transport Delivery				
Deliver transport LGF schemes	On-going monitoring of the programme, reported and assured through the Heads of Transport meeting and Economic Directors. Schemes at various stages of delivery, risks being actively managed.	Project's slip outside LGF funding window.	Helen Mathews	A
Continue to roll out flexible public transport ticketing	<p>NESTI has completed the design process for a Remote Ticket Download app . The development period is short, and trial underway. ITSO (the National Standards body for Smart Ticketing) have agreed to support a Host Card Emulation (your phone becomes your POP Card) trial on Tyne and Wear Metro and discussions have commenced with Digital Catapult NE&TV to procure this through an Innovation competition targeted at the local technology sector (although open nationally). This option will work on buses as well. NESTI has also agreed to financially support the initiative.</p> <p>Work continues with Transport for the North (TfN) and partner authorities in relation to the development of a specification for an Account Based Ticketing (ABT) Back Office, allowing customers to use bank cards and mobile devices to pay for their journey by touching in at the point of entry and exit from the network.</p>		Tobyn Hughes	G

Transport and connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Continue joint management working of our transport system	<p><u>North East Rail Management Unit</u> The period 1 Officer Steering Group took place on the 19th April covering:</p> <ul style="list-style-type: none"> • updating partners on and agreeing RAG status for the 2016/17 Business Plan; • updating partners on the 2017/2018 NERMU Business Plan; • update from Network Rail regarding progress on both the East Coast & North of England Route studies; • updates to local authority reps on wider rail workstreams (Northern Powerhouse Rail, Initial Integrated Rail Report) - including a Durham Coast Route Study draft proposal; • the Borders Transport Study being added to the National schemes list; • project updates from Local Authority partners. <p><u>Infrastructure update</u></p> <ul style="list-style-type: none"> • Making the North's railway more cost effective is one of the four aims of Rail North. Progress has been made by agreeing a more streamlined Grip process for line speed improvement schemes. Work is underway to assist Northumberland to seek cost reductions on the ABT scheme (quoted £191M down to £100M) and Durham with Horden / Peterlee new station (quoted £11.4M down to £8M); • Industry discussions are underway to get support for a pilot scheme to demonstrate how the line speed increases project can be delivered more cheaply; • North of England Route Study – a set of strategic questions have been set by NWR / RN / TfN to be explored; 		Helen Mathews	G
Develop and expand the Urban Traffic Management and Control Centre (UTMC)	<p>On-going revenue funding and capital funding for equipment refresh agreed. Procurement for the capital refresh commenced. Agreement at LA7 Heads of Transport for a National Productivity Investment Fund bid to enhance the UTMC system in Tyne and Wear. Closing date for bids 30th June 2017.</p>		UTMC team	G
Identify and begin to deliver strategic schemes to enhance connectivity	<p>Heads of Transport developed a strategic project pipeline and project sponsors developing projects as appropriate.</p>		Helen Mathews with local authority Heads of Transport	G

Transport and connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Identify and begin to deliver pinch point solutions	Schemes successful for previous rounds of Pinch Point and Highways Maintenance Challenge Fund are progressing. Local Authorities have identified schemes for 2017-18 National Productivity Investment Funding, including investment in UTMC. Development of bids underway for National Productivity Investment Fund competitive pot for 2018-19 onwards. Development of bids underway for Highways Maintenance Challenge fund future rounds.		Helen Mathews with local authority Heads of Transport	G
Identify and begin to deliver a long term project pipeline	Commenced planning to develop an approach to progress a pipeline. Approach to be discussed with Heads of Transport, Economic Directors and the LEP.		Helen Mathews	G
Transport Innovation				
Commission the Go Ultra Low Cities Programme	Funding secured through OLEV. Progressing grant funding agreement with DCLG for ERDF funding. Heads of Terms and procurement progressing. Sunderland Council undertaking negotiations on the preferred site. Specification under development for the Filling stations, this is nearly complete pending clarifications from Newcastle University and agreement on management approach. Feasibility study being commissioned to identify most appropriate sites for rapid charging hub. Project slightly behind programme but contingency in timescales later in the year.		Helen Mathews	A
Regional Transport Planning				
Develop and agree a Regional Transport Plan	Local authority and member engagement on-going. Sign off for public consultation programmed for September 2017 and final approval March 2018.	Impact of elections on approvals and consultation timeline.	Helen Mathews	A
Strengthen the alignment between the transport plan and the planning process	Local Transport Plan to be consulted on with Heads of Planning		Helen Mathews	G

Transport and connectivity Programme | Lead: TBC - Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Explore opportunities presented to us in new legislation	On 27th April 2017, the Bus Services Bill received Royal Assent, turning the Bill into the Bus Services Act 2017. NECA is currently developing a Bus Strategy for the area which aims to set out the strategic context for buses across the NECA region, taking direction from the NECA Transport Manifesto. The NECA Bus Strategy will form the foundation for decisions about which of the delivery mechanisms presented in the Bus Services Act 2017 are best suited to the NECA.	Bus Services bill delayed so programme slightly behind	Tobyn Hughes	A
Develop transport investment programme	TBC		Helen Mathews	TBC
Identify opportunities for improved freight infrastructure	Freight partnership continues, work programme for the year to be agreed by the partnerships.		Helen Mathews	G
Improve transport proposals to employment sites (by 2020)	TBC		TBC	TBC
Implement an enhanced public transport offer (by 2020)	Business cases being developed for investment in new rolling stock and a programme of essential renewals for Metro. Process of approving the business cases through DfT's centres of excellence underway, with positive feedback received to date. Next approval step is a DfT BICC committee in June, with a subsequent report to NECA Leadership Board.		Tobyn Hughes	G
National and international connectivity				
Develop an initiative to support air, sea and rail transport hubs	International connectivity study has reported which lent strong support to the regional airports and ports. Local Transport Plan developing policies in each of these areas.		Helen Matthews	G
Make our region HS2 ready	TBC		TBC	TBC
Enhance east-west road and rail connectivity	NECA supporting the commissioning of the TfN Energy coasts study looking into East West connectivity to and from the region to the west.		Helen Matthews	G

Transport and connectivity Programme | Lead: Helen Mathews

Digital Connectivity Lead – TBC

SEP Action	Progress/ current position	High level risks	Lead	RAG Status
Digital connectivity				
Map and influence superfast broadband coverage	<ul style="list-style-type: none"> The North East Digital Leaders Group which brings together the 7 LA Digital Leads and the LEP have developed a comprehensive mapping of superfast broadband coverage Through the Group, mapping of regional cyber-security capacity has also been completed and a plan is being scoped to develop a pilot scheme to promote regional cyber resilience including a regional cyber resilience and innovation centre to complement the work of the National Cyber Security Centre (NCSC) and the Computer Emergency Response Team (CERT) UK, and a regional response to both the Digital Strategy (2017) and the National Cyber Security Strategy (2016). 		Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
Develop and begin delivery of 5G test-bed	<ul style="list-style-type: none"> Outline concept for the Test Bed articulated and socialised with regional and national partners in the context of UK 5G strategy NE activity on 5G in the National Infrastructure Commission Report Stage 1 MOU signed on 11th May 2016, between the North East LEP, NEXUS, NECA, NewCo (Durham) and the 5G Innovation Centre (5GIC) at Surrey University – the National Centre for Excellence on 5G. MoU facilitates ongoing dialogue between regional organisations, the 5GIC and the Digital Catapult Business case to be developed by Autumn 2017 collaboratively with national partners to position the NE for a national competition including infrastructure plan and first phase ‘use’ cases Plan to deliver a 5G component of the Great Exhibition of the North to be in place by January 2018 	<ul style="list-style-type: none"> Change of UK level policy direction Failure to prepare sufficiently compelling business case in content of UK competition Regional stakeholder management issues Capacity constraints 	Lead – TBC Steering Group <ul style="list-style-type: none"> R.Baker H.Moller D.Bartlett C.Crawford P.Jackman D.Dunn T.Hardwick 	G
Explore the potential to develop fibre-optic connectivity to Europe	<ul style="list-style-type: none"> Private sector led consortium of Aqua Comms and Stellium Datacenters plan to build North Sea Connect - a high capacity system connecting the North East to Denmark, with branching potential to Germany and the Netherlands. It will provide the first modern high capacity system crossing the North Sea from the region to mainland Europe, providing unique routing and UK diversity. It will provide with a unique link between the US, Ireland and northern Europe avoiding London. The plan awaits investment and customer demand, but permissions are in place 	<ul style="list-style-type: none"> Market demand 	TBC	G

Strategy, Policy and Analysis | Lead: Richard Baker

Goals

To ensure the LEP places up to date economic analysis, evaluation and evidence development at the heart of its work, and is looked to as a focus for innovative, collaborative and policy oriented evidence development

SEP Action	Progress/ current position	High level risks	Lead	Status
Strategic Economic Plan development				
Review SEP refresh process	Brief for review under development to capture learning for future processes including roles of structures, use of evidence, engagement of regional and national partners and capacity.		Richard Baker	G
Delivery of comprehensive SEP communications plan	Comprehensive plan being developed on ongoing basis through media and programmes		Richard Baker	G
Develop and implement evaluation framework	Evaluation plan currently being developed to include review of key indicators, link to programme KPIs and agreement of evaluation process		Richard Baker	G
Economic information and commentary				
Produce and promote annual 'state of the region' economic report	Scoping of document currently underway to include structure, content, resource requirements and timings		Richard Baker	G
External economic commentary	Calendar of economic commentary linked to national data releases has been developed and is being implemented		Richard Baker	G
Improve economic evidence availability	<ul style="list-style-type: none"> Review and confirm external data sources. 3 confirmed. Others under evaluation Updated slide-sets for each SEP programme Define economic evidence mechanism for Board and sub-Boards, and for partners newsletter 		Richard Baker	G
Research and evidence development plan	Creation of 'pipeline' of potential research projects (linked to gaps in evidence)		Richard Baker	G

Strategy, Policy and Analysis | Lead: Richard Baker

SEP Action	Progress/ current position	High level risks	Lead	Status
Informing economic policy nationally and regionally				
Manage key LEP policy contacts in Government and strengthen influencing position	<ul style="list-style-type: none"> Map LEP engagement activities and manage contacts with Government, delivery agencies and research bodies Support engagement with key policy processes including Industrial strategy, devolution deals and Northern Powerhouse 		Richard Baker	G
Improving the regional economic evidence co-ordination and engagement				
Build engagement with key research and evidence partners	<ul style="list-style-type: none"> Relationship with key regional, national and international evidence bodies inc Bank of England; NECC; CBI; Universities; ONS; OECD Initiate Economic Evidence Forum Develop collaborative approach to 'pipeline' of research to lead policy or fill knowledge gaps 		Richard Baker	G

Investment Programme | Lead: Helen Golightly

Local Growth Fund		North East Investment Fund		Enterprise Zone development	
Total funding available	Capital grant funding £270m 2015-21	Total funding available	Capital loan funding £54m evergreen fund	Total funding available	£108m since launch. Including £3.65m of private investment since April 2016
Amount allocated	Over £198 m fully approved or allocated to stage 1 projects £72m in pipeline development.	Amount allocated	£45m allocated. Over £65m invested through the programme to date with repayments underway. Approximately £8m available to invest.	Amount allocated	1,285 new jobs created with 41 businesses located on the EZ sites. During 2016/17 15 new businesses have located on the site, 2 have left and 408 net new non-construction jobs have been created.
Projects supported	38 major projects approved and a further circa 25 under the Rural Growth Network and Local Sustainable Transport Fund mini programmes. The CPI Healthcare Photonics (implementation stage) and Smart Medicines packaging (study stage) project respective business cases are in appraisal. The LGF Programme Review exercise has completed with 8 new / revised project proposals to be outlined at this Board meeting.	Projects supported	25 projects supported over last four years, developing strategic infrastructure in support of economic growth in North East LEP area, including investment in Enterprise Zones and employment sites. Recently funding agreements have been signed for Commercial Manufacturing space at Monkton, South Tyneside, and to launch the North East Property Fund supporting small scale residential and commercial property development across the LEP area.	Projects supported	The Enterprise Zone sites have attracted significant investment through Round 1 current project applications have been approved for the A19 site and East Sleekburn. Applications are being progressed for Port of Tyne (Royal Quays) and Bates/Wimbourne sites. The Round 2 sites launched in April 2017 (in agreement with DCLG, IAMP will launch April 2018). Cushman and Wakefield are currently leading a review of these assumptions to ensure these are accurate. A legal agreement is being developed and a full implementation plan is being finalised.
Issues	The LGF 1 /2 programme in 16/17 experienced underspend of 22.2%, similar to the level we advised Government in the 'Annual Conversation' in December. This is discussed further in the Funding Update Report to the Board meeting. Several projects have slipped KPI targets in to future years reflecting delays in physical completion.	Issues	A marketing campaign is being developed to improve interest in the fund.	Issues	Performance in attracting businesses continued to show growth however some sites have seen little progress this year and we remain below target for jobs, businesses and income; however the overall financial position is better than expected due to lower borrowing costs. A full report is included in the Enterprise Zone update paper.

Communications Update

Social Media



Followers: 6,346 (+1.8% on last month)
Reach: 53,868 (impressions during April)

Benchmarking against top three LEPs on twitter



Twitter activity during April focused on a campaign to raise awareness of the LEP's mentoring programme. This was the top performing Tweet for the month, with 22 clicks to the website:

Top Tweet earned 1,638 impressions

Mastering the art of mentoring: we hear from Alan English & Lucy Batley on their partnership @yousayjump bit.ly/2oDJFm1 pic.twitter.com/LqZngnNEIq

Impressions	1,671
Total engagements	48
Link clicks	22
Media engagements	9
Likes	9
Retweets	5
Profile clicks	2
Detail expands	1



Followers: 1,968 (+ 0.9% on last month)
Reach: 18,486 (impressions during April)

The top three posts for engagement (i.e. someone clicked or expanded the link) during this period were:

Post	Impressions	Engagement	Clicks	Likes
<p>North East Local Enterprise Partnership</p> <p>The North East Combined Authority is looking to appoint an individual to be the Chair of the Authority's Overview and Scrutiny Committee. Find out more here: http://bit.ly/2oxtUQn Closing date: 18 April 2017</p> <p>(Update) by nicola m. April 05, 2017 11:33 am</p>	1,122	2.94%	27	6
<p>North East Local Enterprise Partnership</p> <p>We're pleased to welcome Victoria Sutherland to the team as our new Senior Economist: http://bit.ly/2ouTMxg</p> <p>(Update) by Katic C. April 26, 2017 9:00 am</p>	309	2.27%	4	3
<p>North East Local Enterprise Partnership</p> <p>We're supporting more North East businesses to access mentoring. Find out more on our website: http://bit.ly/2nvLLmb</p> <p>(Update) by Katic C. April 06, 2017 4:00 pm</p>	311	2.25%	3	4

Press Coverage – April/May 2017

No. Articles

36

Sentiment

Positive: 30.6%
 Neutral: 69.4%
 Negative: 0%

Highlights

- 5 April: The North East LEP was mentioned in nine articles about the £10m Sunderland Innovation Centre, supported by Local Growth Funding. *An example from Bdaily can be seen here.*
- 26 April: Insider Media , North East Connect and The Journal covered the appointment of Victoria Sutherland as our new Senior Economist.

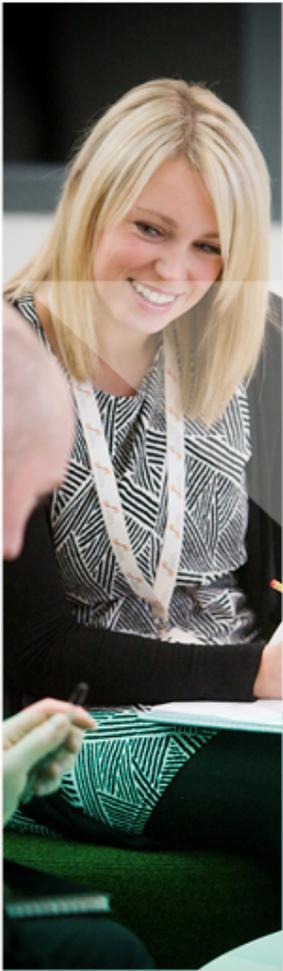
Priority actions for the next two months

Action 1
 Undertake full website content review to populate new North East LEP website.

Action 2
 Complete branding review, which will consider how we approach producing LEP publications and campaigns.

Action 3
 Continue to review and deliver all thematic tactical comms plans to ensure they are aligned to the SEP.

Action 4
 Plan and implement Growth Hub Live – an events programme to support businesses to grow and business support providers.



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25th May 2017

ITEM 4: North East LEP Annual Review 2016/2017

1. Introduction

- 1.1 The 2016/2017 annual review has now been finalised, with printed copies being available from week commencing 29 May.
- 1.2 It reflects on the SEP refresh process, presents updated SEP targets and data and highlights our key achievements over the past 12 months in delivering the SEP themes. The Annual Review document is attached as appendix one.

2. Recommendation

- 2.1 The Board is requested to receive the Annual Report for information.



Annual Review · 2016 - 2017



We refreshed our Strategic Economic Plan in 2016, which sets out how we can make the North East economy stronger and wealthier. We are in an extremely strong position to continue driving the Plan forward. As always, we must do this together to continue to grow a prosperous region for our residents and businesses of today and tomorrow.

Helen Golightly, Executive Director

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Helen Golightly,
Executive Director

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Welcome from Helen Golightly, Executive Director

Our economy has changed significantly since we published the Strategic Economic Plan (SEP) in 2014.

For this reason, we decided to refresh our SEP during 2016 and take the opportunity to reflect on, and celebrate, the achievements we have made and look at areas where refinement was required. I am delighted with the results of the SEP refresh process. We have a strong strategy which is supported by robust economic data and presented in a way that works for our stakeholders.

The refreshed SEP will ensure we focus our time and resources in the right place to maintain our progress towards creating 100,000 more and better jobs for the North East economy by 2024. We can report that as of December 2016, there are an additional 58,200 in the North East economy since 2014.

We are also performing well against our target of 60% of these jobs being better jobs (currently 59% after three years), which led us to raise our ambitions and increase this target to 70%.

The SEP refresh process has helped us to significantly improve collaboration with the North East business community, our membership organisations and key sector groups.

I'd like to thank our chair, Andrew Hodgson, and all of our board members for their continued support, which has ensured widespread business backing and focus for the delivery of the SEP.

I am privileged to work with such a dedicated team, who together have helped achieve so much over the past twelve months.

Some of our highlights include:

- The Good Career Guidance Benchmarks National Facilitator and LEP employee Ryan Gibson was named Career Educator of the Year at the prestigious Career Development Institute UK awards, underlining our strategic approach to careers on a national level
- Securing the £145m North East Fund for exclusive investment into scores of fast growing regional firms
- The North East Growth Hub is successfully delivering hundreds of referrals to finance and business support providers.

As we continue the delivery of our SEP, we are in an extremely strong position to continue driving the SEP forward. As always, we must do this together to continue to grow a prosperous region for our residents and businesses of today and tomorrow.



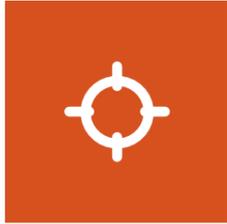
North East LEP team

The SEP refresh process has helped us to significantly improve collaboration with the North East businesses community, our membership organisations and key sector groups.



Helen Golightly

Performance against Strategic Economic Plan targets since 2014



In 2014, the SEP set out six targets which aimed to measure progress towards the ambition for a more competitive economy, delivering more jobs and better opportunities for local people and businesses.

We also aimed to measure relative performance compared with the rest of the UK on key indicators selected to provide insight into the region's performance on productivity, employment levels, economic activity and inclusion, and private sector employment growth.

Two of these are absolute targets demonstrating progress towards delivery of 'more and better jobs'.

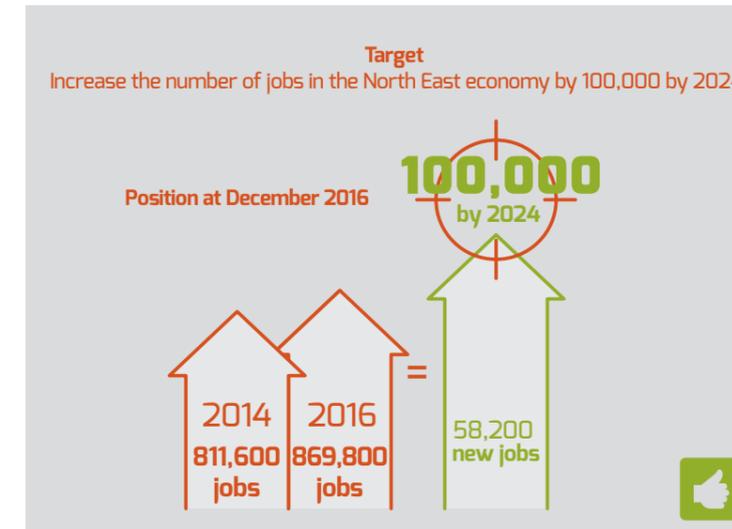
These are:

1. To increase the number of jobs in the North East economy by 100,000 by 2024
2. 70% of these additional jobs will be 'better' jobs. A better job is defined as being a job in the top three Standard Occupational Classification (SOC) categories, which are: Managers, directors and senior officials; professionals; and associate professional and technical occupations.

The four targets comparing the North East LEP area performance with English averages, excluding London are:

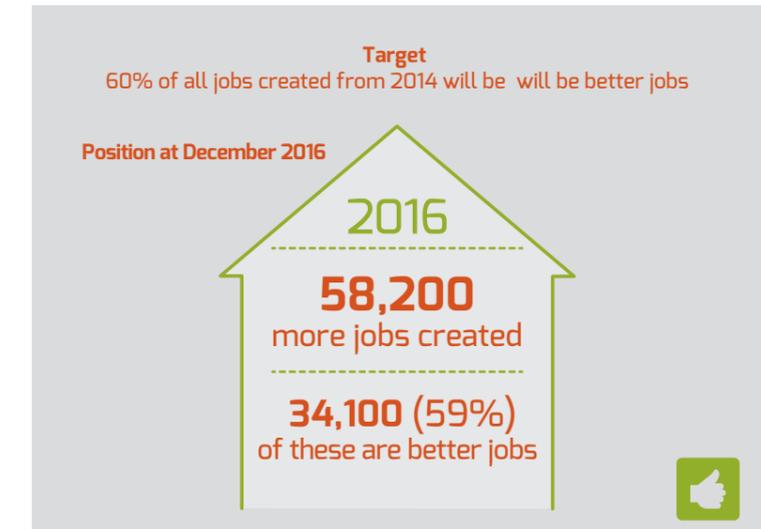
1. Improvement of productivity measured by the Gross Value Added (GVA) per full-time equivalent job
2. Improvement in the employment rate of local people
3. Improvement in the economic activity rate of local people
4. Private sector employment density, reflecting the aim to rebalance the relative contribution of public and private sector employment.

The LEP monitors progress against the targets on an ongoing basis. Since the refreshed SEP was published in March 2017, more up-to-date data has been released for four of the targets – so the revised figures are provided in this document.



The number of jobs in the North East economy figure is taken from the Annual Population Survey (APS) which provides a comprehensive measure of people in jobs in the North East LEP area and includes:

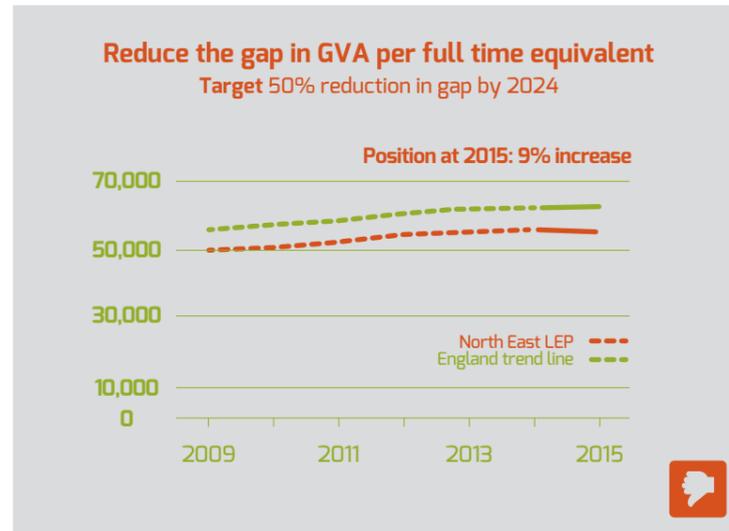
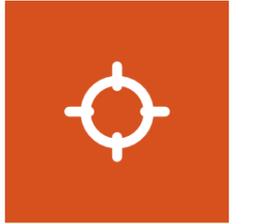
- All those who had done at least one hour of work at a workplace within the North East LEP area in the reference week covered by the survey
- Employees, the self-employed and unpaid workers in a family business who draw a form of payment such as a dividend, and participants in government-supported training schemes
- Those who had a job that they were temporarily away from (for example, if they were on holiday).
- This data is considered by ONS to be the most comprehensive data because it includes self employment.



The APS measure provides a breakdown of employment by occupation, which allows us to identify jobs at different skill levels based on occupational groups and can enable us to estimate 'better' jobs from the same baseline.

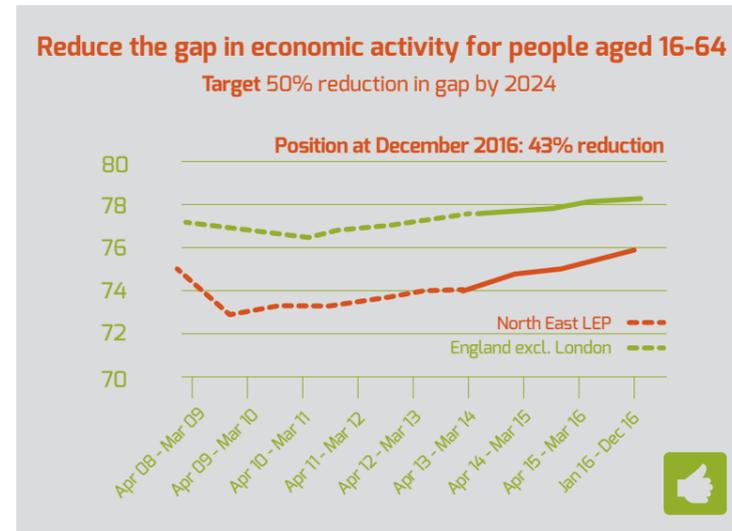
This target shows the proportion of new jobs created that are in the top three occupational groups - Managers, directors and senior officials; professionals; and associate professional and technical occupations.

Performance against Strategic Economic Plan targets since 2014



This measure compares the GVA of the economy divided by the number of full time equivalent jobs in the economy in the North East LEP area compared to the figures for England, excluding London.

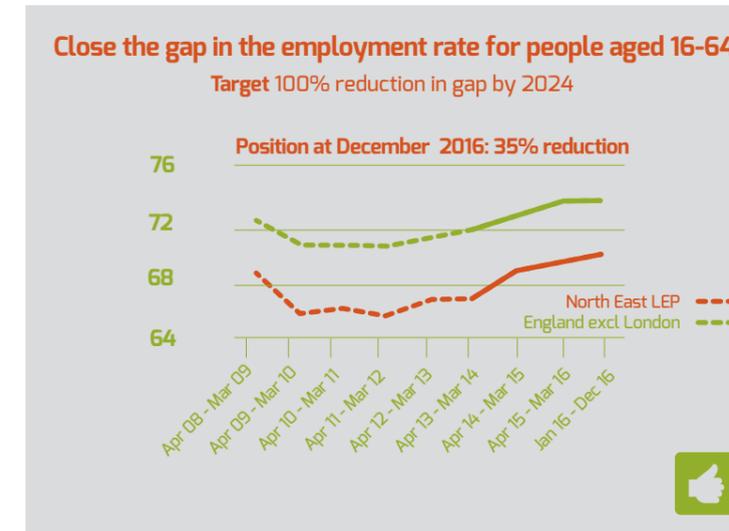
The source for this measure is the 'GVA for LEPs, ONS, Feb 16' report which provides the overall GVA performance with the employment figures derived from the Business Register and Employment Survey (BRES).



This indicator compares the levels of economic activity of people living in the North East to the figures for England, excluding London.

The economic activity rate measure the proportion of the working age population (16-64) that are active in the labour market, including both those in employment and those who are unemployed and activity seeking work.

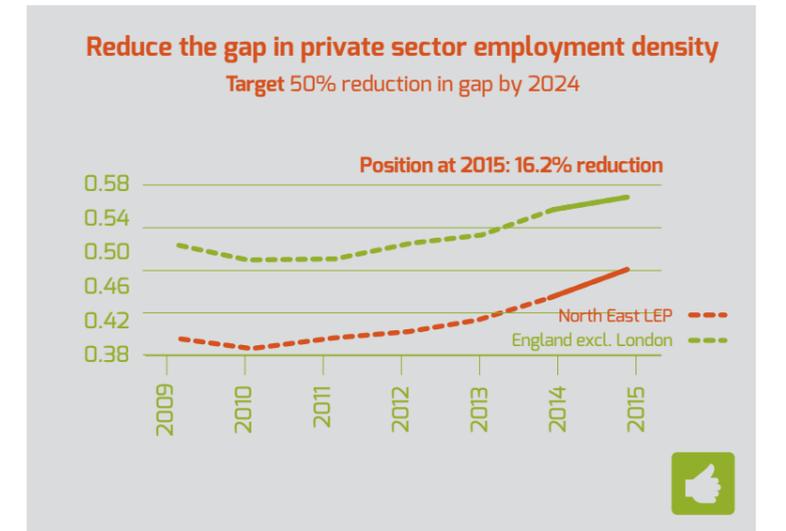
The source for this indicator is the APS.



The 2014 SEP described different potential targets. The target set out most clearly was that, by 2024, the North East LEP area would close the employment rate against the 2014 UK rate (72.1%) by 100%.

This indicator compares the employment rate of people living in the North East to the figures for England, excluding London. The employment rate measure the portion of the working age population (16-64) who are in employment.

The source for this indicator is the APS.



This indicator shows the number of private sector jobs there are for each person aged 16-64, comparing the North East LEP area to England excluding London.

The sources for this are the BRES and ONS population estimates (by single year of age).

Refreshing the Strategic Economic Plan

Over the last year we have worked closely with our business community and economic partners to refresh our Strategic Economic Plan (SEP) in order to reflect a changing economic and political landscape. We wanted to consider and address some key issues within our SEP, including the improvement in the national and regional economy, the uncertainty around the impact of Brexit and the emergence of a new Government with a plan to develop a new Industrial Strategy, with a strong 'place' agenda.

Our SEP sets out how we can build on our recent successes and continue to create more and better jobs for the region.

The SEP refresh, was led by our Head of Strategy and Policy, Richard Baker. It was overseen by an external advisory group and involved extensive consultation through a range of workshops, partner-led meetings and online and written submissions.

A number of documents underpinned the process including a progress review reporting on economic performance and achievements between 2014-2016, and an updated economic analysis report.

These documents and a report of the consultation are available on the North East LEP website at nelep.co.uk

The SEP refresh process

2016

January-May

- Formation of North East LEP/North East Combined Authority (NECA) task group
- Preparation of analysis and SEP refresh programme.

May - June

- Publication of economic analysis and SEP progress update reports
- Discussion with external advisory group and North East LEP/NECA sub-boards to identify key engagement issues
- Discussion with North East LEP Board.

June - July

- Publication of engagement paper and online survey
- Discussions with partners in hosted meetings and seminars
- Consultative workshops – themed around smart specialisation areas and place issues
- Further discussion with external advisory group.

September

- Summary of findings and initial proposals
- Discussion with advisory group, sub-boards and North East LEP Board
- Identification of implications and priority actions.

October - December

- Preparation of refreshed SEP.

2017

March

- Launch of refreshed SEP.

The refreshed SEP reveals the following headlines about our economic prosperity:

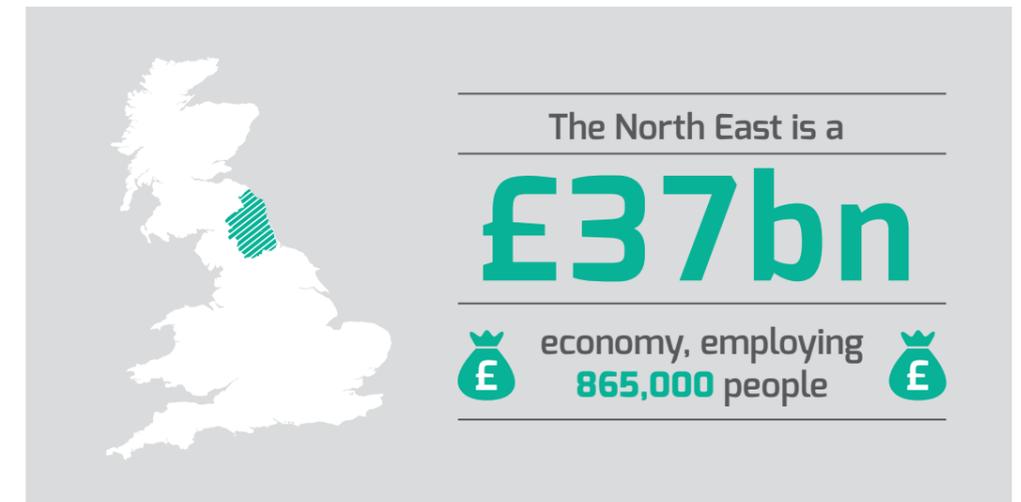
- The North East is ahead of schedule to reach its 100,000 more and better jobs target before 2024. Over 58,000 jobs have been created since 2014, with 59% of these classed as 'better', i.e higher skilled jobs
- There is a revised target for 70% of new jobs created over the next seven years to be 'better' jobs
- Digital technology, advanced manufacturing, healthcare innovation, energy and the service sector are the business sectors identified as underpinning a surge in new regional employment
- Job growth increased at a rate of 6.6% over the past two years, eclipsing the national rate of 5.4% in England
- Key challenges remain – delivering higher regional productivity is essential as the gap widens with national performance, while economic exclusion remains a persistent concern in some parts of the region.



Richard Baker

“
The SEP sets out how the region can build on its recent successes and continue to create more and better jobs for the region.
 ”

Richard Baker, *Head of Policy and Strategy*



Finance and investment



“ *Government approval for the North East Fund is a hugely positive step forward and the North East LEP deserves recognition for the fact that a key element of the finance for the new fund comes from a share of the financial legacy of the public sector SME investment funds it invested from 2003 to 2009. It was always the vision of local stakeholders that returns from these older funds would be redeployed into future funds and now this is being achieved.* ”

Stephen Lightley, Chief Executive Officer of North East Access to Finance Limited.

Overview

We continue to compete nationally to bring funding into the region and have demonstrated continued success in doing so during 2016/2017.

In addition to managing our £55m North East Investment Fund, £270m Local Growth Fund and influencing the European Funding programme, we have been instrumental in securing the £145m North East Fund (JEREMIE 2).

Over the next five years, the North East Fund will supply loan, equity and mezzanine funding into new and existing fast-growing businesses across a wide range of sectors, spearheading new regional economic growth.

We continue to invest in our Enterprise Zone (EZ) sites, which have been identified as key strategic employment sites.

Upfront infrastructure investment is crucial for attracting businesses and investors to locate and develop on the EZ sites.

Two projects being funded through the EZ scheme are East Sleekburn in Northumberland (£8.448m) and Sunderland EZ (£3.5m). We are also working with partners to invest in infrastructure on all of our EZ sites.

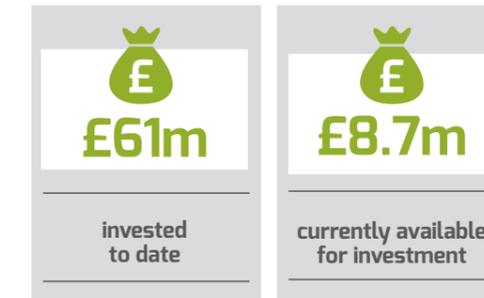
We have also been instrumental in developing the £10m North East Property Fund, which launched in March 2017. This Fund provides loan finance, primarily to residential developers.

All of our funds are performing well and making a positive contribution to the number of jobs in the region.

We are also proud that all our internal and external audits of our fund management activity have been positive and complimentary of our working practices.

The North East Investment Fund

The North East Investment Fund (NEIF) is a £55m evergreen loan fund supports capital projects that encourage local economic growth and create jobs in our area.



There were two new projects funded by NEIF during 2016/2017:

- **Monkton South (Hellens Developments)** total NEIF investment of £1,694,666, which will create 152 new jobs

- **North East Property Fund (FW Capital NPF 2016 Ltd)** total NEIF investment £5.7m. It is estimated that 623 jobs will be supported through the programme of investments, including 348 jobs created and 151 jobs safeguarded.

Other projects previously supported by the NEIF, which continued delivery during 2016/17 include:

- Vantec in Sunderland £1.37m invested to create 120 jobs
- Boiler Shop in Newcastle £1.54m invested to create 73 jobs
- West Chirton Industrial Estate in North Tyneside invested £0.46m to create 27 jobs
- JEREMIE Extension invested £4.5m to create 250 and safeguard 200 jobs.



North East Property Fund launch - March 2017



Boiler Shop, Newcastle

“ *The development was only able to proceed due to the loan we received from the North East Investment Fund. We are delighted to have fully let the units within 18 months of completion and to have helped create and support jobs for a number of SME businesses in the process. The lettings have enabled us to pay back the loan and we understand the funds will be recycled in order to benefit another project.* ”

Gavin Cordwell-Smith, Chief Executive of the Hellens Group which developed the West Chirton North Industrial Estate in North Tyneside.

Finance and investment



Local Growth Fund

We manage the North East LEP's Local Growth Fund (LGF) allocation of £270m. £49.4m of this was announced in November 2016, following our bid submission in July 2016. This is a six year fund, which supports major capital projects across our area that are strategically aligned to the SEP. We have supported 48 capital projects since 2014, with the past 12 months being a major year for getting projects moving from development into construction. We have seen 10 new projects entering the programme and three completed. Some highlights are detailed below.



Blyth Education and Community Hub



The Blyth Education and Community Hub, which was opened by the Duchess of Northumberland, received £400,000 from the Local Growth Fund. The £2m training centre is designed to prepare the UK port services, offshore and renewable energy workforces of the future.

Houghall College, Durham



The £12.75 million redevelopment of East Durham College's Houghall campus received £10m from the Local Growth Fund. The revamped facilities include a brand-new small animal care centre, agricultural centre, equine centre, new science labs and IT suites.

Central Metro station, Newcastle



The refurbishment of Central Metro station in Newcastle Central Metro Station, has been supported by a £2.5m grant. The station, which is used by 5.3m people a year, has undergone a major redevelopment over the last 18 months, offering passengers a brighter, cleaner, and more modern Metro station.

NETPark



Construction work has begun on the latest phase of the North East Technology Park (NETPark), based in Sedgefield, County Durham thanks to a £3.2m investment from the Local Growth Fund.



FinacneCamp, Innovation SuperNetwork

European Funding

Decisions for projects using European Funding sit with Government and not the North East LEP, however we work hard to influence these decisions and ensure investments are made in accordance with the SEP.

The decision for the UK to leave the European Union in June 2016, brought uncertainty about how much more European funding would be available. Government has now confirmed that the European Structural and Investment Funding (ESIF) investments in projects will continue until the UK leaves the EU.

European Structural Investment Funds – current North East LEP area position (March 2017)

	TOTAL	ERDF	ESF	EAFRD
Allocation	£437m	£226m	£200m	£10.5m
Potential commitments	£241m	£168m	£73m	£0m
Funding remaining	£196m	£58m	£127m	£10.5m

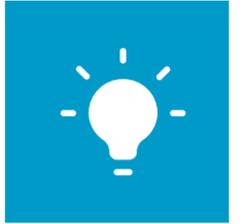
Figures subject to change in line with the exchange rate



European Union
European Structural and Investment Funds



Innovation



Hans Moller

“ *It's been a busy year for the innovation team as we continue developing our programme, moving from strategy to delivery. Its great to see so many projects that support the delivery of the SEP come to life with our support and the ambition of our partners.* ”

Hans Moller, Innovation Director

Our Innovation programme drives economic growth through the development and application of new products and processes, enabling businesses to remain competitive and stay at the cutting edge of technological development, process thinking and integration.

We do this by:

- Leading thinking around innovation and developing policy and strategy
- Supporting the open innovation ecosystem to improve and support business growth
- Investing to grow key areas of advantage and smart specialisation.

Innovation by definition requires a wide range of partners to support and enable delivery.

Through 2016/2017 our partnership has delivered a series of projects, including support for the SEP refresh and two successful science and innovation audits, focused on subsea and offshore engineering and the bio-economy of the North of England.

These are due to report in 2017. We are also supporting the development of additional science and innovation audits to be launched this year.

Supporting growth in our areas of smart specialisation

As part of our efforts to support growth where we have greatest potential for competitive advantage, we have worked with key people from our four key sectors to develop shared strategies to make the most of this opportunity.

To lead this process we have established an, industry-led working group for health and life science and are recruiting a sector lead to be part of the our executive team, to take our action plan forward.

As part of the process of supporting digital smart specialisation, we commissioned a Data for Growth research study, which has now been completed and proposes options to make the most of the opportunities to gather, analyse and use data better.

Similar approaches have recently been launched to better support the automotive and advanced manufacturing and the subsea and off shore sectors.

The Innovation SuperNetwork

2016 saw the formal launch of the Innovation SuperNetwork which draws on European Regional Development Funding (ERDF) and other sources of funding including direct investment from the North East LEP to support well-established events such as Venturefest North East and other new routes to local and national investors. Establishing links across the various regional industries, SuperNetwork business challenges focus on solving common commercial problems.



710 businesses, investors and innovation experts

£250k
in deals were set up on the day

over 150
meetings took place between businesses & investors

Innovation Observatory

During 2016/2017 we have supported the Innovation Observatory with initial funding intended to allow the Durham University led project to start to be an outward focused, collaborative source of new innovation thinking.

The initial funding is a small part of a larger project but will mean that the Observatory has been able to start to develop a strong understanding of innovation trends relevant to the North East and share this with local businesses.

This work will continue into 2017/2018.

Ecosystem development

Businesses need high quality support to understand the opportunities for innovation to drive growth and access researchers, workspace and facilities to develop and demonstrate new ideas alongside support to grow a business.

Our Local Growth Fund and ERDF allocations underpin the key physical and revenue support, required to support the programme.

During 2016/2017 the Sunderland University Enterprise and Innovation Hub was completed. Ground was also broken at the Life Science Building at Science Central Newcastle and National Centre for Innovation in Formulation and Explorer building at NETPark.

Health Quest North East

Health Quest North East aims to support the development of new innovative solutions to key social challenges through a competitive and open process to design new approaches.

The project will focus on key health challenges our work is now focused on securing initial investment required to launch a pilot, resulting in a more challenge-based approach to commissioning.

This project remains a priority for 2017/2018.

Incubators

A strong shared understanding of good incubation has been developed thanks to the incubator working group.

This has fed into the development of an incubators support programme and a new super incubator in the North East remains a priority for the next 12 months.

National input

On a national level, we have been instrumental in the evolution of the Northern Powerhouse Innovation Network.

This is now an established part of the approach to delivering the Northern Powerhouse agenda and builds the North East strengths into the pan-North programme of activity.

Business Growth



Refreshed leadership and strategic focus

There have been a number of changes to the Business Growth Board. Mark Thompson (Ryder Architecture), took over from Paul Varley (Northern Clothing Company) as chair. And, following their incredible contribution over the past few years, the Board saw seven outgoing members replaced by seven new after an open recruitment process that attracted over 40 applicants.

Outgoing	Incoming
Paul Varley (Northern Clothing Company)	Mark Thompson (Ryder Architecture)
Julian Leighton (Orange Bus)	Jackie Charlton-Miller MBE (Miller International)
James Hall (Engi)	Sandra Thompson (Ernst and Young)
Allison Thompson (Ashmore Consulting)	Gillian Marshall (Entrepreneurs' Forum)
Rob Earnshaw (Creative North)	Ryan Maughan (Avid Technology)
CLL Paul Watson (Sunderland City Council)	Councillor Iain Malcolm (South Tyneside Council)
Luck Winskill OBE (Northumbria University)	Jane Robinson (Durham University)
John Widdowson (New College Durham)	Judith Doyle (Gateshead College)

Business Growth vision



Increase the number of scaleup businesses in the North East LEP area by **50%** creating an **6,000** additional jobs, by 2024

Development of the ecosystem

The North East Business Support Review (2016) highlighted a gap in the support available for businesses with high growth potential following the removal of the national Business Growth Service.

We've been working with partners to fill the void, resulting in several developments and pilot projects:

- **Manufacturing Growth Programme (MGP)** The MGP provides specialist diagnosis, action planning and signposting support for manufacturers with high growth potential
- **Rural Growth Network** The Rural Growth Network continues to provide capital funds to our rural businesses, creating

new enterprise hubs, business premises and creating jobs. 33 projects are underway and should create almost 54 jobs in the rural economy

- **Scaleup Leaders' Academy** Leadership development was highlighted as a significant weakness in the North East Business Support Review and we have been working with the Entrepreneurs Forum to develop their Scaleup Leaders Academy which launched in February 2017. Early feedback from participants is extremely encouraging
- **Growth through Mentoring** Helen Lee joined our team to lead the Growth through Mentoring programme, which matches business leaders who have

successfully scaled their own business with those who aspire to scale theirs

- **Scaleup Institute** The Scaleup Institute is helping us develop plans so the North East can step up to the scale up challenge. 'Scaleup North East' is now a key feature of our Strategic Economic Plan
- **Captured** Following on from a successful initial project, we are supporting the development of Newcastle University Business School's Captured programme. This helps business owners and managers explore different routes to managing and developing their business by accessing experienced managers from larger regional businesses.

2017/2018 has certainly been a year of change. With change comes opportunity and over the past year we have worked with our partners to capitalise on this. We're looking forward to seeing how our partnerships will enable more businesses to grow in our region.

Colin Bell,
Business Growth Director

Colin Bell



The North East Growth Hub

The North East Growth Hub is firing on all cylinders.

Over the past year we have dramatically moved the North East Growth Hub forward and it is now generating significant demand for our business support and access to finance partners.

Our work with providers through the Growth Hub Provider Network has strengthened relationships, engagement and content relevance. We've taken the Growth Hub on the road, reaching audiences that haven't traditionally engaged in



business support through 'Growth Hub Live'.

This activity has included workshops with partners such as BT and Uber and events with Rural Connect. Take-up has been so strong we will continue the series over the coming year.

The North East Growth Hub

average of

3,400

unique users every month generating in the region of **350** referrals per month.



Colin and LEP board member Ammar Mirza, meet the Scaleup Institute's Sherry Coutu and Irene Graham.

Skills



Michelle Rainbow

Putting skills at the heart of our strategy

It's been a great year for our skills programme, which is gathering momentum and has received local, regional and national recognition from government and other organisations for its pioneering approach.

Strong career guidance for people of all ages is just one of our areas of focus, and with the Good Career Guidance Benchmarks pilot at the centre of this. We have seen impressive results and great examples of collaboration, resulting in a real sense of cohesion in this space.

I'm looking forward to building on this success in the coming year, overcoming some of the challenges and taking on opportunities to ensure that we continue to influence national policies.

Michelle Rainbow, Skills for Business Manager



Prof Sir John Holman presenting Ryan Gibson with his Career Educator of the Year award.

Improving careers guidance for people of all ages

This was the second year of delivery for the Good Career Guidance Benchmarks pilot, funded by the Gatsby Charitable Foundation. Designed to improve students' transition from school to the world of work, the Benchmarks provide a clear framework for schools and colleges to deliver effective and quality careers education.

The programme has been praised by Robert Halfon MP, Minister of State at the Department for Education, and we are hopeful that the Benchmarks will be incorporated into the careers strategy expected later this year.

Ryan Gibson, National Facilitator for the pilot, was named Career Educator of the Year at the prestigious Career Development Institute UK Career Development Awards, thanks to his dedication to the Benchmarks.

Dame Allan's School hosted an event to bring together education, business and academia; demonstrating the collaborative nature of the pilot and the genuine willingness in the North East to make it a success.

Marie Jobson, Post-16 Co-ordinator at Churchill Community College in North Tyneside who attended the event, said, "As a result of the event I came away with a really useful lesson plan to help students understand career options and how different jobs can be suited to people's skills and personality types. We could never have come up with this resource without the input of the various people around the table who were from a range of sectors, with different skills and experience."

"The Gatsby Foundation has published its series of Benchmarks, which describe the components of excellent careers provision, and I will consider how schools can be encouraged to meet these benchmarks."

The Rt Hon Robert Halfon MP Minister of State at the Department for Education, 30 January 2017



" Good career guidance helps inspire pupils towards further study and enables them to make informed decisions whenever choices are open to them. It helps them to understand enough about the world of work to know what skills they need to succeed. It is important for social mobility because it helps open pupils' eyes to careers they may not have considered. "

Professor Sir John Holman
The Gatsby Charitable Foundation

Careers guidance at senior management team level

The North East Enterprise Adviser Network seeks to connect senior business leaders with school leadership teams to influence careers guidance at a strategic level.

The Network has been in operation since 2015, and now has over 50 business leaders in place, working with schools and colleges across the region.

Shaun Oakes, managing director of biometric access control company, ievo, which designs and manufactures biometric fingerprint readers used with access control system solutions, is a participating Enterprise Adviser working with staff and pupils at The Hermitage Academy, Chester le Street, to improve careers education.

Shaun said, "As a local employer I know there is a wealth of talent in the North East and what we're hoping to achieve through the partnership with The Hermitage Academy is for students to gain an understanding of the type of skills employers in our region are looking for.

"It's important students know that the subject choices they make in school have a direct impact on their chosen career path. We'll be using our own management team at ievo as case studies to demonstrate pathways into various jobs, from marketing and computing to sales and project management."

Developing the skills programme for the future

Our future plans for a rounded skills programme to help the North East create more and better jobs include:

- **North East Ambition** a programme centred around the Good Career Guidance Benchmarks
- **Excelling in technical and professional education** working with providers and education establishments to improve capacity and facilities
- **Higher education** working in partnership with the region's four universities to create job-ready graduates
- **Education challenge** closing the gap between our best and lowest performing schools
- **Fuller working lives** retrain, regain, retain – reducing inactivity levels in our 50+ workforce.

Shaun Oakes



Enterprise Zones



Enterprise Zone (EZ) sites remain core to delivering the SEP, as they provide high-quality locations for businesses to grow on.

115 hectares of newly allocated EZ land is supporting growth in our key sectors, in particular low carbon vehicles and advanced manufacturing, offshore and marine engineering and industries and next-generation renewables.

Together the sites have resulted in approximately

1,500 new employment opportunities in 34 businesses

and have brought in over **£104m** of private sector investment.

During 2016/2017 the sites have attracted eight new initiatives,

increased employment by **288**

and secured a further

£3.65m of private sector investment.

The sites are now deeply embedded in the North East economy, attracting inward investment and offering expansion space for businesses already in operation here.

We have worked with these sites to progress investment proposals for the latest stage of development following the successful completion of the Blyth Workspace, Commissioner Quay hotel and the National Centre for Subsea and Offshore Engineering and Infrastructure on the A19 site during 2016/2017.

From the 1 April 2017 these sites will be joined by a further ten new sites across the North East, complementing and expanding existing sites and supporting development in new locations.

From Ramparts Business Park in Berwick in the North to Hawthorn Business Park in County Durham in the South, these sites offer improved premises for our key growth sectors. We have been working with partners to prepare for the launch of these sites throughout 2016/2017

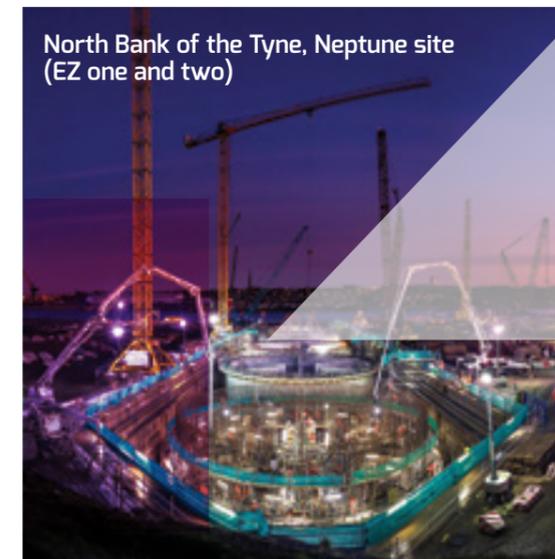
finalising indicative investment plans and developing a financial model to support investment.

This will result in a further 13,812 jobs and 589,000sq m of employment space being opened up.

Our sites are located across the North East, reflecting the location of businesses and communities across our urban and rural areas, identified on the map opposite.

The eight new businesses located on our EZs are:

- GR Design Engineering Services
- EDF Energy
- Bell Tindle Williamson
- Tynetec Ltd
- JDR Cables
- BAM Construct UK Ltd
- Newcastle University
- Smulders.





North East
Local Enterprise Partnership



25th May 2017

ITEM 8: North East LEP Financial Outturn 2016/2017

1. Introduction

- 1.1 The 2016/2017 financial year continued the significant activity levels relating to delivery of the Strategic Economic Plan and the second year of the Growth Deal. A summary of the year's activity can be found in the Annual Review 2016/17, also on the Board's agenda.
- 1.2 The year's financial position is outlined in more detail below with explanatory information on any variances noted. Spending was within the revised budget that was reported to the North East LEP Board in January 2017.

2. Recommendation

- 2.1 The North East LEP Board is recommended to note the outturn position for 2016/2017.

3. LEP Revenue Budget

- 3.1 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund programme. Table 1 below provides a summary of actual spend against the revised budget for the year with supporting notes provided below. Total revenue expenditure amounted to £2.999m, which was £0.053m lower than the revised budget for the year. Income was £3.181m, resulted in a net surplus of £0.182m carried over into 2017/18. The explanatory notes from section 3.3 to 3.9 provide further information about the financial activity for the year.
- 3.2 Section 8 sets out the medium term financial position and projected income and expenditure levels. The current confirmed medium term income position reduces over the next three years. In order to sustain the current level of activity relating to the Strategic Economic Plan, it is prudent to carry forward the net surplus.

Table 1 – LEP Revenue Budget Outturn 2016/17

	2016/17 Original Budget £'000	2016/17 Revised Budget £'000	Actual Spend £'000	2016/17 Variance £'000
Expenditure				
Employees	1,550	1,234	1,285	51
Premises	95	95	95	0
Communications	247	251	216	(35)
Transport LGF Monitoring and Evaluation	400	385	258	(127)
Gatsby and Growth Hub Operational Costs	106	377	389	12
Other Operational Costs	615	570	616	46
Inward Investment Contribution	160	140	140	0
Gross Expenditure	3,173	3,052	2,999	(53)
Income				
LEP Core Grant	(250)	(250)	(250)	0
Local Authority Match Contributions	(250)	(250)	(250)	0
LEP Strategy Grant	0	(250)	(250)	0
Local Growth Fund (2.5% Top-Slice)	(1,985)	(1,250)	(1,192)	58
NEIF / EZ Business Rate Receipts	(50)	(100)	(100)	0
Gatsby and Growth Hub Grants	(168)	(606)	(646)	(40)
Other Grants / Enterprise Advisor	(175)	(31)	(69)	(38)
NECA contribution to Head of Paid Service	0	(36)	(36)	0
Interest on Balances	(295)	(305)	(349)	(44)
Other Income	0	0	(39)	(39)
Gross Income	(3,173)	(3,078)	(3,181)	(103)
Net Budget (Surplus) / Deficit	0	(26)	(182)	(156)

3.3 Employee Costs

3.3.1 The employee expenditure was lower than anticipated due to a number of vacant posts being held for varying periods throughout the year; these include a Skills Manager, two Economist posts (previously held by secondees) and a programme manager post. New appointments are now in place, these are; Senior Economist, Programme Support Officer and an additional Enterprise Advisor co-ordinator, the latter fully funded by additional grant.

3.4 Premises

3.4.1 This expenditure is primarily in relation to the current team base at St James Gate in Newcastle for which the LEP entered into a 5 year lease in September 2015. Expenditure was in line with budget.

3.5 Communications

3.5.1 The Communications budget for the year recorded an underspend against the revised budget. The lower than anticipated expenditure links to some planned activities now taking place in quarter 1 of 2017/18.

3.6 Transport LGF Monitoring and Evaluation

3.6.1 The recharge from the regional transport team for LGF transport project support was £127k below the budget set at the beginning of the year, which is funded from the LGF grant. This underspend was primarily due to delays in procuring 2 studies, which commenced in March and will be completed in the current year, and also reduced independent scheme assessment work for LGF transport schemes in the year. Costs are managed by Newcastle City Council and recharged based upon evidenced expenditure. The costs of these studies will fall to be met from the 2017/18 Regional Transport Budget

3.7 Gatsby and Growth Hub Operational Costs

3.7.1 Non-salary costs in delivery of the Gatsby Foundation and Growth Hub initiatives are slightly over budget; this is fully funded through grant. Employee related expenditure is included within the employee's budget heading.

3.7.2 In addition to the recorded expenditure the carry forward of £0.145m from 2015/2016, was fully defrayed by the May 2016 grant extension deadline.

3.8 Other Operating Costs

3.8.1 Expenditure on this budget area totals £616,000 for 2016/17 financial year, which is broadly as anticipated when setting the original budget for the year. Expenditure covered by this budget includes; corporate costs

for general LEP running costs (i.e. IT equipment, travel expenses and support services) and an allocation for each of the North East LEP led SEP strands of Innovation, Business Support/Access to Finance and Skills. Allocations for LGF, finance and legal support provided by NECA and Enterprise Advisor delivery are also included within this area of expenditure. Additional income of £39k was received to cover some of these costs relating to the establishment of the North East Fund (previously known as the JEREMIE2 fund)

3.9 Inward Investment Contribution

3.9.1 The agreed contribution of £0.140m was made during the year, towards total expenditure of £0.344m. An underspend on the Inward Investment Budget means that the one off earmarked contribution of £0.020m carried over from 2015/16 will no longer be required.

3.10 Income

3.10.1 Funding to support the above activities was provided from a number of sources as shown in table 1.

3.10.2 Income received, was in line with the revised budget for the majority of the funding streams. The drawdown from Local Growth Fund to support programme management activity was lower than forecast, this was mainly due to the reduced Transport team recharge as noted in 3.5.1 partially offset by an increased allocation of Employee costs. The £58k reduced use of the LGF top-slice in 2016/17 will be available in future years and will for example be needed to fund the cost of Regional Transport Activities that will now fall in 2017/18.

3.10.3 Grant funding from the multi-year Gatsby programme was drawn down at a higher level during 2016/17 to match expenditure and Enterprise Advisor income increased as a result of the additional funding award being secured.

3.10.4 Local Growth Fund interest, relates to the income generated from the holding of grant received in full in April 2016. As the programme underspent in the year and spend was prominently drawn down in Quarters 3 and 4, the amount of interest generated was £44k higher than the revised estimate and £54k higher than originally anticipated. It is proposed that this additional £44k of interest is carried over and added to the total LGF resources available in 2017/18. As a revenue resource this provides some additional funding flexibility for the LGF programme.

3.10.5 Additional income of £39k was received from NE Access to Finance to cover costs associated with the establishment of the SPV, to manage the North East Fund, which will distribute and manage access to finance support for business in future years.

4. North East Investment Fund Coordination

- 4.1 The North East Investment Fund (NEIF) comprises funding from the Growing Places Fund and Regional Growth Fund. The activity to support delivery of the programme is funded through revenue allocations provided with the initial central government grants and repayment of loans back into the fund.
- 4.2 Revenue balances remaining from the original grant allocations to support 2016/2017 activities totalled £0.066m. The balance required to fund in-year activity totalled £0.044m and was funded from repayments of loans back in to the NEIF.

Table 2 – NEIF Coordination

Budget Area	Budget £'000	Revised Budget £'000	Actual £'000	Variance £'000
Expenditure				
Support Services	0	25	28	3
External Support	0	75	82	7
Appropriation to NEIF	0	15	16	1
Expenditure Budget	0	115	126	11
Income				
GPF Programmes Management Grant	0	(66)	(66)	0
NEIF Contribution	0	(34)	(44)	(10)
Interest on NEIF Balances	0	(15)	(16)	(1)
Gross Income Budget	0	115	(126)	(11)
Net (Surplus) / Deficit	0	0	0	0

5. North East LEP Revenue Balances

- 5.1 Table 3 below shows the North East LEP revenue balances as at 31st March 2017. The general reserve has increased by £112k over the year to £548k. This is £86k higher than anticipated in the revised budget.

Table 3 – Revenue Balances

Budget Area	Opening Balance £000	Movement in 2016/2017 £000	Closing Balance £000
General Reserve	436	112	548
LGF Revenue Allocation	0	44	44
GPF Revenue Allocation	66	(66)	0
TOTAL	502	90	592

6. North East Enterprise Zones

6.1 The Round 1 Enterprise Zones are located across four local authority areas; Newcastle, North Tyneside, Northumberland and Sunderland. Business rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25 year period, 2016/2017 was the four year of the zones' life. A more detailed update on Enterprise Zones is given in a separate report on this agenda.

6.2 Table 4 below provides a summary of the Enterprise Zone account over the last four years. Business Rate Income for 2016/17 amounted to £1.695m and Expenditure, including accelerated repayments back to the NEIF, amounted to £1.527m. The surplus for the year was £0.273m, resulting in a cumulative surplus of £2.602m being held. This is higher than the cumulative surplus forecast set out in the 2014 Financial Model of £1.727m.

Table 4 – Enterprise Zone

	Actual 2013/14	Actual 2014/15	Actual 2015/16	Outturn 2016/17	Estimate 2016/17	2014 Model 2016/17
<u>Business Rate Income</u>	£000	£000	£000	£000	£000	£000
Newcastle	312	330	262	614	374	285
North Tyneside	14	55	100	165	178	194
Northumberland	12	28	96	173	189	525
Sunderland	696	653	745	743	683	1,305
Total Rates Income	1,034	1,066	1,203	1,695	1,424	2,309
<u>Costs</u>						
NEIF Repayments	0	0	542	1,306	787	787
Financing Costs	0	0	424	0	0	1498
EZ Costs	0	9	9	121	122	210
Interest	0	-3	-7	-5	-5	0
Annual Surplus	1,034	1,060	235	273	520	-186
Cumulative Surplus	1,034	2,094	2,329	2,602	2,849	1,727

7. Capital Programme

North East Investment Fund and Local Growth Fund

- 7.1 During 2016/2017 the capital programme comprised of the continuation of the North East Investment Fund (NEIF) activity and significantly activity relating to the second year of the delivery of the Local Growth Fund programme.
- 7.2 The initial £55m NEIF, made up of £25m Growing Places and £30m Regional Growth Funding is was fully allocated, with projects supported through loan beginning to make repayments. As repayments are returned more money is available for reinvestment in new projects.
- 7.3 NEIF supported projects progressed during the financial year included; further development of the regions round 1 enterprise zone sites, the new North East Property Fund; and the extension of the NE JEREMIE fund, now known as the North East Fund. As at the financial year-end, the uncommitted balance of the NEIF totalled £5.9m.
- 7.4 The Local Growth Fund programme has delivered over £63m of activity across the SEP themes, compared with an LGF Grant allocation of £81.9m. This is an increase on the spending in 2015/16 (£51.5m) and is considered to be an acceptable level of expenditure for the second year of the programme. The balance of the funding not applied in 2016/2017 will be carried over for use in 2017/2018. A separate report on this agenda provides a more detailed update on the Local Growth Fund programme.

8. Medium Term Financial Plan

- 8.1 In considering the outturn position it is important to put this into the context of the Medium Term Plan for the next three years. Income to support the LEP Team's activity from some of the grant programmes (such as the LGF programme) is expected to fall over the period. The general reserve carried over from 2016/17 is £86k higher than budgeted for. This and the ability to continue to draw on the £58k saving in the LGF top-slice will be very important to help to fund activity and costs in future years; where costs are currently projected to be higher than income and are planned to be funded from the use of these reserves.
- 8.2 Table 5 was presented to the Board in January 2017 to provide the proposed 2017/18 Revenue budget, for approval but also to aid effective financial planning.

Table 5 - LEP Budget Summary 2017/18 to 2019/20

	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000	2019/20 Proposed Budget £'000
Expenditure			
Employees	1,429	1,254	1,267
Premises	95	95	95
Communications	247	247	247
Transport LGF Monitoring and Evaluation	200	150	100
Gatsby and Growth Hub Operational Costs	249	0	0
Other Operational Costs	623	590	590
Inward Investment Contribution	140	140	140
Gross Expenditure	2,983	2,476	2,439
Income			
LEP Core Grants	(500)	(500)	(500)
Local Authority Match Contributions	(250)	(250)	(250)
Local Growth Fund (2.5% Top-Slice)	(1,200)	(1,050)	(800)
NEIF / EZ Business Rate Receipts	(100)	(350)	(700)
Gatsby and Growth Hub Grants	(504)	0	0
Enterprise Advisor	(78)	0	0
NECA contribution to Head of Paid Service	(60)	0	0
Interest on Balances	(140)	(140)	(140)
Gross Income	(2,832)	(2,290)	(2,390)
Net Budget (Surplus) / Deficit	151	186	49
Brought Fwd Balance	(462)	(311)	(125)
Carry Fwd Balance	(311)	(125)	(76)

- 8.3 This envisaged that the carried over balance of £462k would be drawn upon in the next three years, reducing it to a relatively low level of £76k. The outturn for 2016/17 means that the general balance carried over will increase by £86k to £548k. Before any other changes are taken into account, this would increase the level of the resources available over the period. The 2017/18 budget will be reviewed and reported to the LEP Board later this year with the Medium Term Plan figures reported in January 2018.

25 May 2017

ITEM 9: LEP Sub Boards' Update

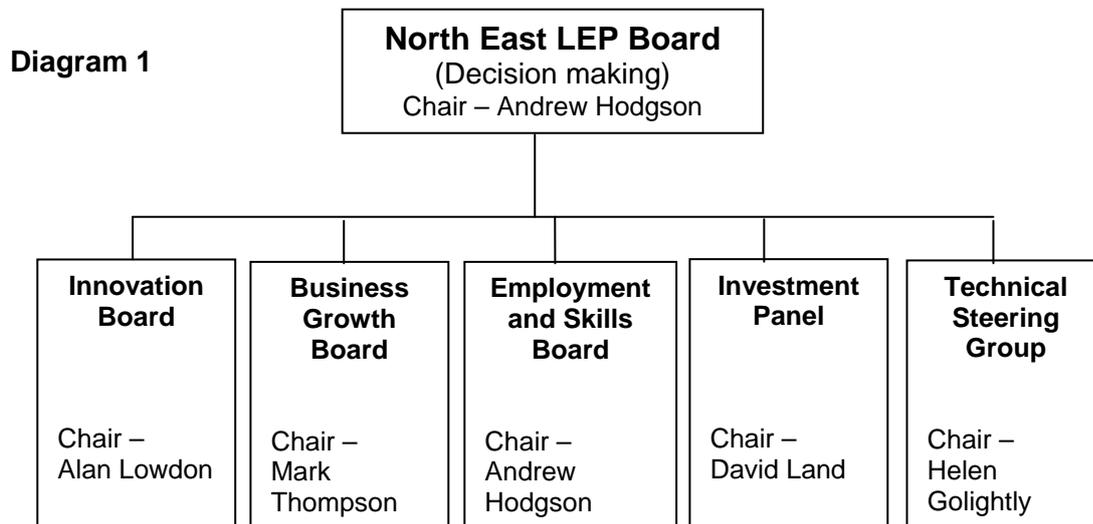
1.0 Background

1.1 Following the SEP refresh launch in March, the LEP Board noted the need to ensure the LEP Sub Boards were delivery focussed to ensure the refreshed SEP ambitions and programmes were delivered. The paper reflects on the current arrangements and makes recommendations to sharpen the delivery focus. Given the varying remits of the sub boards, there is no 'one size fits all' approach, but a pragmatic approach to match the agendas.

2.0 Current Arrangement

2.1 The current LEP structure, as set out in the Business Plan, is shown below in diagram 1.

The members of each Board can be found on the LEP website at <http://www.nelep.co.uk/governance/>.



3.0 Employment and Skills Board

3.1 The Employment and Skills Board oversees and advises on the Skills and Employability and Inclusion programmes within the SEP and oversees programme delivery and projects' development. With the aim of driving new

thinking around employability and skills, the Employment and Skills Board brings together ambitious business, voluntary and community sector representatives with other key partners in the employability and skills arena. The board is chaired by Andrew Hodgson and members include representatives from business member organisations, Further Education and private training providers, the regions' universities, the voluntary sector, the TUC, NECA/local authority representation, Schools NorthEast and businesses and employers including a representative from each of the key opportunities areas identified in the SEP (health and life science, creative and digital, advanced manufacturing and energy and offshore).

The aim of the Employment and Skills Board is to progress the strategic implementation of the Skills, Employability and Inclusion Programmes as set out in refreshed North East SEP. The Employment and Skills Board steers, advises and makes recommendations to the LEP executive and wider partners on the development and delivery of these two programmes. The SEP Programme Delivery Plan sits front and centre in the meetings.

In addition to the Board there are four task and finish working groups focussing on the key areas of delivery articulated in the strategic economic plan and KPIs and reporting to the board. The groups report into the Employment and Skills Board. They are:-

- Careers Information Advice and Guidance Group (Chaired by Sarah Glendinning, CBI) focussing on delivery of North East Ambition
- Apprenticeship Growth Partnership (chaired by David Barker, North East Learning Providers) focussing on Excelling in Technical and Professional Education including apprenticeships and the drive to improve quality and quantity of provision, particularly higher level and degree apprenticeships in key sectors.
- Fuller Working Lives Group (chaired by Laura Bell, National Careers Service) focussing on the SEP themes of Retrain, Retain and Regain in our older population.
- Employer Engagement Group (chaired by the LEP). A group meeting or being canvassed on an ad-hoc basis to gain employer perspective on skills. This group has provided invaluable feedback for the FE Area Based Review (ABR) and 50+ workforce census to date

The task and finish groups bring together the collective expertise of members or appropriate members of the Employment and Skills Board and other key stakeholders and partners who have a particular focus or role in the delivery of each of these areas. They meet on a quarterly basis in advance of the Employment and Skills Board meetings, in order for items to be highlighted, presented and discussed at the Employment and Skills Board meetings.

The current Employment and Skills Board and Task and Finish Group arrangements focus on delivery of the key SEP actions, therefore there are no proposed changes. The LEP Board is asked to note the current delivery focussed arrangements.

4.0 Business Growth Board

4.1 The Business Growth Board membership changed last year following an open recruitment process. The Board, now chaired by Mark Thompson, is currently

reviewing the optimum route to use their specialist knowledge and experience to deliver the SEP. Following an away day, where the members reviewed the scope, remit and direction for the Board, they are now moving the agenda forward. The members favoured a 'champions' approach to oversee and add value to the delivery needed and to support the development of key priorities. The champions' roles have been identified and shown below in diagram 2. There are indicative names against the champion roles at this point in the diagram, however, this will be discussed further with the members individually and then collectively at the next Business Growth Board on 6 June.

The role of Champions' is to provide challenge and focus on key areas of the Business Growth Programme, and aim to ensure that their area is effectively represented and delivered. It is envisaged that the Champions' will support the LEP executive team through taking part in ad hoc task and finish groups and meetings, as well as events and networks that are aligned to their key area. The proposed key areas represented by champions include.

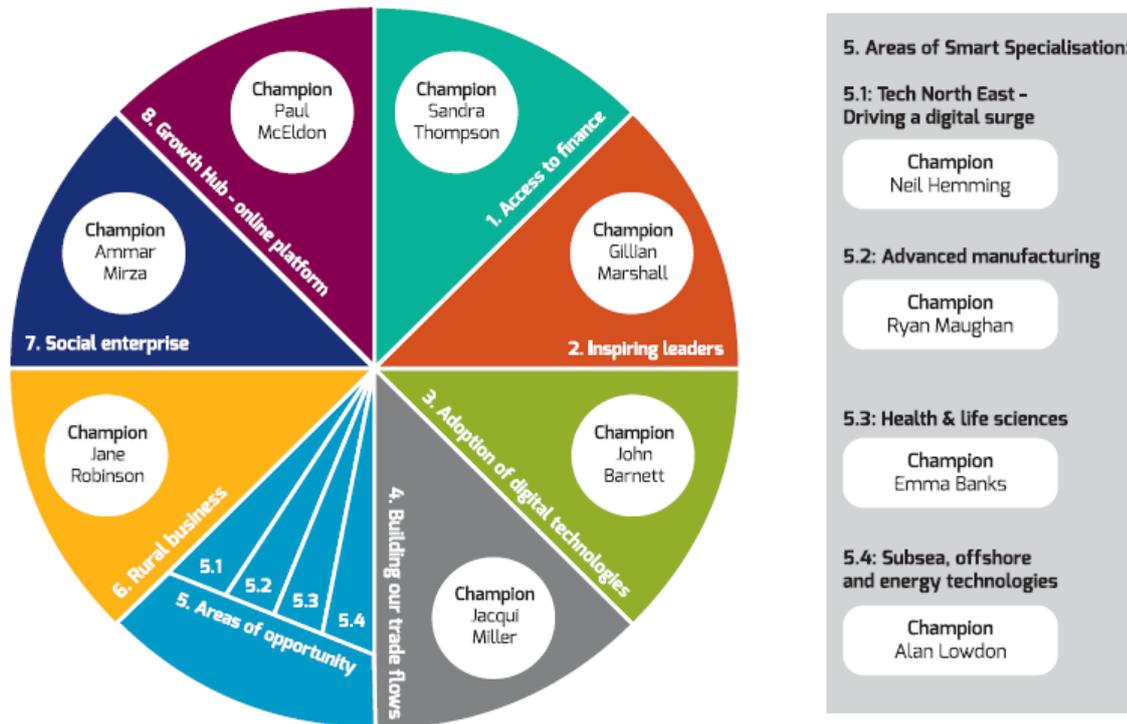
- Access to finance
- Inspiring leaders
- Adoption of digital technology
- Building our trade flows
- Areas of opportunity
- Rural business
- Social enterprise
- Growth Hub – online platform

The focus is about adding external knowledge, experience and networks to deliver the Business Growth Programme within the SEP.

Diagram 2 also shows proposed champions for the Smart Specialisation areas. In an effort to ensure the SEP Programmes do not operate in silos, it is proposed that existing members of the sub boards with a particular smart specialisation focus could provide a sweeping role. Suggestions have been made on the diagram but conversations need to follow before this is finalised. It is not necessary that each of the Smart Specialisation champions sit on each Board.

The LEP Board is asked to endorse the proposed 'champions model', being promoted by the Business Growth Board, to allow it being finalised to provide focus and greater clarity to deliver the Business Growth Programme.

Diagram 2 – Proposed Champion roles to be finalised at the Business Growth Board on 6 June



5.0 Innovation Board

5.1 The Innovation Board was established in March 2015 to draw together expert partners involved in delivering the Innovation Programme to act in an advisory capacity to the LEP Executive Team and LEP Board. The Innovation Board was established with an annual review of membership and focus. In December 2016, the Innovation Board agreed that a more wide-ranging review of the Board membership and Terms of Reference would be appropriate to align with the refreshed SEP to ensure there was a focus on delivery and accountability.

A refreshed approach to the Innovation Board was taken to the March 2017 Innovation Board meeting for discussion. At this meeting the aim of the revisions was welcomed, providing a stronger focus on delivery of the programme and ensuring enhanced communications; however the structure proposed was agreed to require some additional refinement. The Innovation Board acknowledged the need to focus on the Innovation Programme as set out in the refreshed SEP, but did not want to lose the strategic, thought leadership piece that has heavily influenced the direction of travel to date. It is therefore proposed that the Innovation Board is remodelling into a tight, delivery focussed Programme Board, with a separate, wider membership Strategic Steering Group to help facilitate the ecosystem growth and engagement, and position the thought leadership piece. It is proposed that the Strategic Steering Group will meet less frequently than the Programme Board. This proposal will be discussed at the next Innovation Board

on 2 June with the intention to implement for the next cycle of meetings.

Like the other Sub Boards, the Innovation Programme Board is supported by a series of working groups, which cover, but are not limited to, each of the Smart Specialisation areas.

The Innovation Programme Board would be smaller than the current Board with a more specific task to report, monitor and support delivery of the SEP Innovation Programme. Membership would be focused on those who are actively supporting delivery and members will be required to act as ambassadors for the Innovation Programme raising awareness in their own organisations and throughout their networks, actively representing the Innovation Programme through these links. Membership will be reviewed on a two-yearly basis to reflect those people involved in delivering activities. The proposed Programme Board membership is set out in table one below.

Table one - Proposed membership – Innovation Programme Board

Innovation Board Chair	Alan Lowdon
Communications	Gillian Hall
LEP Executive Team Innovation Director	Hans Moller
7 Local Authorities representative	TBC
Smart Specialisation – Health and Lifescience	TBC (formerly Peter Simpson)
Smart Specialisation – Subsea and Offshore	Tony Appleton
Smart Specialisation – Digital, Creative and Software	TBC (formerly Neil Hemming)
Smart Specialisation – Passenger Vehicle Manufacture (Low Carbon)	Colin Herron
Innovate UK	Dean Cook
Catapult Representative	Rotating annually (currently CPI)
Universities' Representative	TBC - Rotating to reflect project delivery

Smart Specialisation representatives will be drawn from existing working groups (Health and Life Science and Subsea and Offshore) or be invited from key partner sector organisations (Digital Alliance and North East Automotive Alliance respectively). The Programme Board will invite other delivery partners as required to discuss progress and project delivery, for example, the SuperNetwork

and Innovation Observatory projects. It is proposed that individuals may also be co-opted to the Board by the Chair and Innovation Director to address new or specific areas of work; this may be on a temporary or permanent basis as appropriate.

The proposed Strategic Steering Group will be updated of progress and encouraged to provide thought leadership into the agenda. The Group will also manage wider stakeholder engagement and support sharing of key messages and activities with partner institutions and organisations. Membership will be drawn from, but not limited to, the current Innovation Board membership who are not responsible for direct delivery, and hence will not be part of the Programme Board. Membership of the Group will be initially promoted through current and previous members of the Board and key partners and project delivery partners. The Group will meet as required but likely to be twice per year.

The LEP Board is asked to endorse the proposed Programme Board and Strategic Steering Group proposal developed by the Chair of the Innovation Board and Innovation Director, which has taken into account the discussion at the previous Innovation Board meeting. The proposal will be taken back to the next Innovation Board on 2 June.

6.0 Funding and Investment

6.1 Funding secured and then invested by the LEP is currently considered in two forums before recommendations are made to the LEP Board. The Investment Panel oversees the North East Investment Fund and Enterprise Zone Business Rate Income. The Technical Steering Group (TSG) oversees the Local Growth Funding. This model evolved with funding streams, but does not easily lend itself to all-encompassing strategic funding and investment debates, given the split. It is proposed that the executive team develop a proposal to create one group that considers all LEP funding and investment before it makes recommendations to the LEP Board. It will also accommodate strategic fund development conversations.

The Board is asked to note the intent to bring forward this proposal to a future meeting.

6.2 To date, there is limited national guidance on LEP structures, and as such, there are a number of different operating models. The North East LEP is an unincorporated partnership with a public body acting as the accountable body. However, with an eye on delivering the SEP, the executive team are aware of some funding sources which would support aspects of SEP projects, however, the funding source precludes the LEP from applying, as it is classed as a public sector body. The executive team are currently exploring setting up a Company Limited by Guarantee to sit alongside the current arrangements, which will address this issue.

The Board is asked to note the situation and endorse that the executive team develop the proposal for further consideration.

7.0 Recommendation

7.1 The Board is asked to:

1. Note the current delivery focussed arrangements of the Employment and Skills Board.
2. Endorse the proposed 'champions model', being promoted by the Business Growth Board, to allow it being finalised to provide focus and greater clarity to deliver the Business Growth Programme.
3. Endorse the proposed Programme Board and Strategic Steering Group proposal developed by the Chair of the Innovation Board and Innovation Director, which has taken into account the discussion at the previous Innovation Board meeting.
4. Note the intent to develop and bring forward a proposal to create one funding and investment group that considers all LEP funding and investment before it makes recommendations to the LEP Board.
5. Note the intent to explore the most appropriate structure to enable the LEP to access funding streams where the public sector are precluded from applying..