



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

## Overview and Scrutiny Committee

Thursday 19 March 2020 at 10.00am

Meeting to be held at: Gateshead Civic Centre, Regent Street,  
Gateshead, NE8 1HH

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# AGENDA

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**1. Apologies for Absence**

**2. Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

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|---|--------------|
| <b>3. Minutes of the meeting held on 19 September 2019</b>          | <b>1-6</b>   |
| <b>4. Minutes of the inquorate meeting held on 19 December 2019</b> | <b>7-12</b>  |
| <b>5. Economic Development and Digital Thematic Update</b>          | <b>13-32</b> |
| <b>6. The North East Strategic Economic Plan</b>                    | <b>33-44</b> |
| <b>7. Update on Local Industrial Strategy (Verbal Update)</b>       | <b>45-46</b> |
| <b>8. Forward Plan and Scrutiny Work Programme Update</b>           | <b>47-55</b> |

## **9. Date and Time of Next Meeting**

TBC

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**North East Combined Authority, Overview and Scrutiny Committee**

19 September 2019  
(10.00am - 11.10am)

Agenda Item 3

Meeting held at Gateshead Civic Centre, Gateshead, NE8 1HH

Present:

Independent Members: Mr D Taylor-Gooby (Chair) and Mr S Hart (Vice-Chair)

Councillors: R Crute (Durham), A Batey (Durham) J Wallace (Gateshead), W Flynn (South Tyneside), G Kilgour (South Tyneside),

Officers: N Robason, P Darby, G Armstrong, K Connolly, J Lunness

**1. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**2. MINUTES OF THE MEETING HELD ON 18 JULY 2019**

The minutes of the previous meeting held on 18 July 2019 were approved as a correct record.

**3. MATTERS ARISING**

**Pedestrian Tyne Tunnel**

The Committee had requested that a report be presented to a future meeting which provided an update on the Tyne Pedestrian Tunnel. Nicola Robason informed members that the Joint Transport Overview and Scrutiny Committee and the Joint Transport Audit Committee had received an update report on this matter, this paper was to be circulated to the Committee. Should members feel that additional information was still required they should contact Nicola Robason who will arrange for this to be made available.

The Committee felt that it needed to be clearer at the commissioning stage who managed the relationships between the contractors. It needed to identify who was responsible for the management of costs and timescales. The PTT cost a lot more and took way longer to complete than originally anticipated. Going forward there is a need to ensure adequate arrangements are in place when commissioning complex projects. The officers assured the Committee that it is planned to consider the project management arrangements around larger schemes in the current year. It was suggested that this be factored into the governance arrangements and programme management going forward.

The Committee requested further information be received on the UK Hydrogen Corridor.

#### **NECA Overview and Scrutiny Committees- Workshop**

The Policy and Scrutiny Officer to arrange the workshop. It was agreed that both the NECA O&S Committee and the Joint Transport O&S Committee members, substitutes and officers be invited. The purpose of the workshop is to consider the role of both O&S Committee's, the variation between the two Committees, what can be done to make the Committee's effective and consider a proposed programme of works for the year.

Once a programme of works is produced then consider how the Combined Authority might work with the North of Tyne CA and how best to include the LEP within any work going forward.

#### **RESOLVED – That:**

- i. following consideration of the reports on the Tyne Pedestrian Tunnel members forward any requests for additional information to the Deputy Monitoring Officer;
- ii. the governance arrangements to include a section on the procedure for commissioning complex projects;
- iii. the Deputy Monitoring Officer arrange for further information to be circulated to the Committee on the UK Hydrogen Corridor.
- iv. the Policy and Scrutiny Officer arrange for the workshop to be set up in advance of the next meeting of the Overview and Scrutiny Committees to develop the work programme, the workshop to include both the NECA and JTC Overview and Scrutiny Members.

#### **4. STATUTORY GUIDANCE ON OVERVIEW AND SCRUTINY IN LOCAL COMBINED AUTHORITIES**

Submitted: Report of the Deputy Monitoring Officer (previously circulated and copy attached to the official minutes).

The Ministry of Housing Communities and Local Government had published formal guidance, 'Statutory Guidance for Local Authorities on Overview and Scrutiny' The new guidance clarifies the role and benefits of the scrutiny function within Local Authorities and Combined Authorities. The report provided a summary of the guidance. It is recognised that local authorities and combined authorities are best placed to decide how scrutiny works within their own political structures. The report sought to clarify the role and benefits of Scrutiny. The guidance is focussed toward highlighting best practice.

The six themes set out in the guidance were:

- Culture
- Resourcing
- Selecting Committee Members
- Power to Access Information
- Planning Work
- Evidence Sessions

A summary of the content of the six themes was presented, the full guidance was appended.

Members discussed the document at length. The Deputy Monitoring Officer agreed to produce a response to the guidance to be presented to the Leadership Board along with the recommendations of the Scrutiny Committee. The Scrutiny Committee made the following points:

- Consider how best to scrutinise the Executive and the LEP and consider the best process for working together
- Regular reporting system required from the O&S to the Leadership Board to influence decisions, it was agreed to recommend quarterly reporting.
- Consider a mechanism for the Chair and Vice-Chair to meet with the Leadership Board. It was suggested that perhaps the best mechanism would be to arrange for the Chair to attend Leadership briefings.
- In order to embed the culture of scrutiny within the organisation it was suggested that it be a regular item on the Leadership Board Agenda.
- Ensure Committee members receive adequate training.
- The Scrutiny Committee to consider commissioning a more focussed piece of work when appropriate. Identify good practice in other Combined Authorities, see what could be mirrored in NECA to improve how things are done.
- Cover who we can scrutinise, LEP, Transport Committee, procurement, contractors. Look at the outside bodies and consider how they feed into NECA. Cover in training who can scrutinise and how we do that.
- The guidance should cover the responsibilities of members in respect of behaving as a committee member in an impartial non-party political manner.

- The Committee suggested that a protocol be developed to manage disagreements or differences of opinions.

**RESOLVED – That:**

- i. the Deputy Monitoring Officer produce a report to Leadership outlining the Committee’s recommendations;
- ii. the Deputy Monitoring Officer report the decision of the Leadership Board to the Committee and
- iii. the Deputy Monitoring Officer produce any necessary Committee protocols and guidance following the discussion at the Leadership Board.

**5. FORWARD PLAN AND SCRUTINY WORK PROGRAMME**

Submitted: Report of Deputy Monitoring Officer (previously circulated and copy attached to Official Minutes).

The Deputy Monitoring Officer presented the report which provided Members with an opportunity to consider the items on the Forward Plan for the current 28 day period and discuss items for the Work Programme for future meetings.

Paul Darby informed the Committee that the Leadership Board had considered the budget timetable and that in order for the process to run efficiently it may be necessary to hold an additional meeting of the Committee to consider the budget.

It was agreed that a workshop be set up as soon as possible to include both the NECA O&S and the JTC O&S with a view to producing an Annual work programme.

In response to comments, questions and points raised by Members, the following areas of work were noted for discussion at the workshop:

- Consider Digital Connectivity, is this sufficient, are all homes being built with potential access to the internet?
- Concerns were raised regarding the delay to the Fair Funding review, which has been moved to 2021. The Chief Finance Officer suggested the committee may consider the impact of this at a future meeting.
- Skills Agenda
- It was recognised that work was being undertaken by each individual Local Authority in relation to being prepared for Brexit. It was requested that Brexit preparedness in relation to the Combined Authorities work be considered and reported to a future meeting of the Committee. This report to consider the financial implications.

- Discussions around how best the Combined Authority could work with the North of Tyne Combined Authority.
- Concerns were raised over the clarity of information from the Government with regards to any continuity or replacement of the Shared Prosperity Fund once the UK has left the European Union and how this would impact on the funding of the Local Industrial Strategy given they are linked.
- The Local Industrial Strategy contained a list of projects. Members felt given the importance of these projects, more detail was required for effective scrutiny.
- The Committee referred to IAMP and how they might consider this, looking at its impact, accessibility, the potential impact on congestion on A19, the general impact of the Industrial Park on all constituent Authorities.
- Ensure the Agendas are structured to give the appropriate amount of time required.
- Any additional items for consideration be forwarded to the Chairman or Nicola Robason.

**RESOLVED** – That:

- i. the Forward Plan and Work Programme 2019/2020 be noted, and
- ii. the list of future areas of work as detailed above be considered at the workshop when developing the programme for the year.

**6. DATE AND TIME OF THE NEXT MEETING**

19 December 2019 – Gateshead Civic Centre





**North East Combined Authority, Overview and Scrutiny Committee  
DRAFT MINUTES OF THE INQUORATE MEETING FOR APPROVAL**

19 December 2019  
(10.00am – 11.30am)

Agenda Item 4

Meeting held at South Shields Town Hall and Civic Offices, Westoe Road, South Shields  
NE33 2RL

Present:

Independent Members: Mr D Taylor-Gooby (Chair) and Mr S Hart (Vice-Chair)

Councillors: R Crute (Durham), G Kilgour (South Tyneside), W Flynn (South Tyneside), P  
Wood (Sunderland)

Officers: P Darby, J Rumney, G Armstrong, J Lunness

**QUORUM**

The Committee was informed that the meeting was not quorate and therefore if members wished to proceed, any decisions taken would need to be ratified at the next quorate meeting.

**1. APOLOGIES FOR ABSENCE**

N Robason (Deputy Monitoring Officer) and Cllr R Oliver (Sunderland) sent apologies for absence.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES OF THE MEETING HELD ON 19 SEPTEMBER 2019**

The Committee was inquorate and therefore unable to approve the minutes of the previous meeting. The approval of the minutes has been deferred to the next meeting to be held 19 March 2020.

#### **4. MATTERS ARISING**

There were no matters arising from the informal discussion of the minutes of the previous meeting.

#### **5. ANNOUNCEMENTS FROM THE CHAIR**

The Chair informed the Committee that Cllr N Weatherley, a substitute member for Gateshead, had passed away. The Chair thanked Cllr Weatherley for his service on behalf of the Committee and respects were paid to Cllr Weatherley.

#### **6. NECA BUDGET PROPOSALS**

Submitted: Report of the Chief Finance Officer (previously circulated and copy attached to the official minutes).

Paul Darby, Deputy Chief Finance Officer, presented the report. The report provided the Committee with an update on the NECA Budget Proposals for 2020/21 as part of the budget consultation process. Paul Darby encouraged Members to provide any feedback on the proposals at the meeting so that the views of the Committee could be considered in the development of the final budget report to be presented to the NECA Leadership Board and the Joint Transport Committee.

It was noted that the budget proposals for 2020/21 are on a standstill basis, with no proposed increase in the level of contributions to the North East LEP, Invest North East England, NECA Corporate Costs, the JTC Accountable Body costs or the North East LEP Accountable Body costs.

Members noted that whilst the standstill basis for budget proposals is feasible for next year, in the medium term after 2021 this could cause pressures and pose challenges. Although the review and re-evaluation of the pension position reduced financial pressures in the short term, if challenges are not addressed, this could in the future affect the level of service provision or require cuts.

It was noted that the Tyne Tunnel tolls are proposed to be increased for Class 3 vehicles (HGVs) by £0.10p to keep pace with inflation, subject to approval by the Tyne and Wear Sub Committee in January 2020. Members noted that included in the appendices to the report are a range of models showing levy increases of +1% and -1% for information as requested by the NECA Leadership Board.

Paul Darby highlighted to Members that the budget proposals for 2020/21 are robust, balanced and will not require any need for service changes.

During discussion, Members raised the following points:

- the level of contributions from central government to the finances and budgets of NECA. Members were informed that whilst the government provides some funds in the form of grants, such as for the metro, Local Authorities are lobbying for a fair deal from the Fair Funding Review;

- lobbying work occurs collectively from organisations such as Nexus, Combined Authorities and the Joint Transport Committee, as well as individually Local Authorities;
- Members highlighted concerns about the pressure Local Authorities will be under in the future and the uncertainty surrounding the funding intentions of central government;
- Nexus has some reserves which could be used to address shortfall in future budgets, but Members noted that if nothing changes by 2022/23 then difficult choices will need to be made;
- Members welcomed that there would be no reductions in service in the coming year;
- work continues on the Tyne Pass Project, working towards a free flow system;
- the budget and levies for Durham Council and Northumberland Council are arranged by themselves, as opposed to the Tyne and Wear Local Authorities where Nexus arranges concessionary travel and contracts on their behalf;
- the level of Metro usage was raised, and this information would be circulated to Members;
- it was noted that NECA is currently operating within budget and that whilst Nexus slightly overspent, this can be offset from the reviewed pension position;
- the timetable for budgetary reports was noted and Members requested that routine reports be presented to the Committee so that they may track progress;
- the handover as Accountable Body of the NELEP from NECA to North of Tyne Combined Authority (NTCA) was noted and Members requested that they still be updated with reports outlining the activity of the LEP;

Members discussed the possibility of sending a letter from the Committee to the Government outlining priorities and the need for certainty regarding funding for budgets. The Committee noted that Cllr M Gannon had sent a letter on behalf of the Joint Transport Committee in his capacity as Chair. The letter sent from Cllr M Gannon was requested to be circulated to Members, along with a draft letter from the Committee to send to the Secretary of State for Transport.

**RECOMMENDED – That:**

- i. the report be noted.
- ii. information regarding the levels of Metro usage be circulated to Members.
- iii. Information regarding the letter sent by Cllr M Gannon to the Secretary of State for Transport be distributed.
- iv. a draft letter from the Committee to the Secretary of State for Transport be circulated for comment.

**7. STATUTORY GUIDANCE ON OVERVIEW AND SCRUTINY IN LOCAL AND COMBINED AUTHORITIES UPDATE**

Submitted: Report of the Policy and Scrutiny Officer (previously circulated and copy attached to the official minutes).

Gavin Armstrong, the Policy and Scrutiny Officer, presented the update report. The report provided Members with a response to their recommendations to the NECA Leadership Board on the formal guidance published by the Ministry of Housing, Communities and Local Government and the work undertaken since the last Committee meeting on the recommendations in response to the formal guidance.

Members noted that the NECA Leadership Board welcomes reports, recommendations and input from the Overview and Scrutiny Committee to feed into their decision-making process. The NECA Leadership Board would welcome regular meetings with the Chair and Vice Chair of the Overview and Scrutiny Committee to discuss, where appropriate, issues arising.

It was noted that the Committee keeps in mind the principles of good scrutiny and the use of the appropriate 'lens' by which to scrutinise papers. It was highlighted that the work programme provides good focus for the future and that it is a living document which can be updated and amended at any time.

During discussion, Members raised the following points:

- consideration of possible changes to the layout of reports to help the scrutiny process, including the possibility of using a Red, Amber, Green rating system;
- the progress of sharing best practice with other Combined Authorities. Members were assured conversations were ongoing and a visit to a similar Combined Authority was being progressed;
- meetings with the Chair and Vice Chair of the NECA Overview and Scrutiny Committee and the NTCA Overview and Scrutiny Committee have been ongoing and are to continue in the future;
- it was noted that training for scrutiny is provided by the Centre for Public Scrutiny, which could be considered;
- concerns about engaging the public were discussed, including the need for an interesting, relevant work programme and a user-friendly NECA website to encourage participation;
- consideration of possible changes to the layout of reports to include a section outlining the impact on climate change to ensure these factors are taken into account when scrutinising;
- the need for the work programme to contain items relevant to reflect the concerns of the public was noted, as well as the need for this to be advertised in a way which makes clear the impact this can have on our communities in order to encourage engagement;
- the Overview and Scrutiny Workshop held 14 November 2019 reminded Members that public engagement was a statutory responsibility and that the Committee should develop a style and approach which reflects that.

**RECOMMENDED – That:**

- i. the report be noted.
- ii. note that the Deputy Monitoring Officer reported to Leadership outlining the Committee's recommendations from the meeting held 19 September 2019.
- iii. note that the Leadership Board would welcome an annual report from the Committee and regular bi-annual meetings with the Chair and Vice-Chair of the Committee.

- iv. note that the Policy and Scrutiny Officer will produce relevant Committee protocols and guidance as required.
- v. note that the layout of reports will be considered by Officers.

## **8. FORWARD PLAN AND SCRUTINY WORK PROGRAMME UPDATE**

Submitted: Report of the Policy and Scrutiny Officer (previously circulated and copy attached to the official minutes).

The update was presented by Gavin Armstrong, the Policy and Scrutiny Officer. The report provided Members with an opportunity to discuss the Forward Plan and the Work Programme for 2019/20.

It was highlighted that it is important for Members to be aware of what work other scrutiny Committees are undertaking, so as not to duplicate work, but to gain assurance that it can be discussed at this Committee also.

Members noted that Contract Commissioning appeared on the Work Programme as an item, as had previously been requested. P Darby informed Members that the internal audit team were undertaking a review in this area, the outcome of which would be brought to the Committee.

During discussion, Members raised the following points:

- the possibility of receiving updates and reports on ongoing projects in the area, for example the Tyne Tunnel and Testo's Roundabout;
- the Work Programme reflects the discussion which has happened at previous meetings and the Workshop;
- the Barriers to Work item on the Work Programme would be a good item to do an extended piece of scrutiny and review;
- the Local Industrial Strategy, particularly the IAMP, remains important and should be kept on the Committee's radar;
- it is encouraging to see Thematic Leads presenting items on the Work Plan.

### **RECOMMENDED – That:**

- i. the Forward Plan and Work Programme be noted.
- ii. the possibility of receiving updates and reports on ongoing projects in the area be considered.
- iii. Budget updates for the NECA Leadership Board be added to the Work Programme.

## **9. DATE AND TIME OF THE NEXT MEETING**

19 March 2020 – Gateshead Civic Centre



## Overview and Scrutiny Committee

**Date:** 19 March 2020

Agenda Item 5

**Subject:** Economic Development and Digital Thematic Update

**Report of:** Economic Development and Digital Thematic Lead

### Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Digital theme of the Combined Authority.

The report provides an update of activity of Invest North East England; an update on the development of the North East Local Industrial Strategy; and an overview of the current activity within the European Structural and Investment Fund programme – including European Regional Development Fund and European Social Fund grant allocations, commitments and ongoing bids and calls.

The report also provides an update on the Strength in Places Fund and an overview of the latest position with regards to the UK's withdrawal from the EU.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the contents of the report.

## Overview and Scrutiny Committee

### 1.0 Background Information

1.1 This report provides an update on activity and progress under the Economic Development and Digital theme of the Combined Authority, including:

- Invest North East England and Trade activities
- Local Industrial Strategy
- European Structural and Investment Funds Programme
- UK Withdrawal from the EU

### 1.2 Invest North East England (INEE)

#### 1.3 *Inward Investment Successes 2019/20*

1.4 In the first three quarters of 2019/20 in the NECA area there have been 24 inward investment projects leading to 801 new jobs. These comprised of:

- 17 FDI projects creating 494 jobs
- 7 UK projects creating 307 jobs.

Across the wider region (NECA and NTCA) there have been 53 successes generating 1,860 jobs.

1.4 Key investment successes in the last two quarters included:

- Ocado announced as first tenants in to The BEAM, Sunderland
- Nuby announced its expansion in South Tyneside.

1.5 Going forward, the Invest North East England (INEE) team is very busy leading on a number of significant enquiries, predominantly in the advanced manufacturing, digital tech and business services sectors.

### 1.6 *Marketing and Communications*

1.7 Key elements in 2019/20 include:

- Launch of six sector showcase videos
- Production / launch of shorter themed videos to complement the above
- Growing website traffic to the INEE websites
- Increase following on social media outlets
- Improvement to the INEE website which has supported an improved Search Engine Optimisation ranking and visitor experience.



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1.8 The team have featured in a number of panel discussions (i.e. Fintech North), media publications and attended key UK and international events to support the positive promotion of the North East as a key investment location, such as the British Ambassadors dinner for the Irish Immersive Tech sector in December.

1.9 Supported by the North East Local Enterprise Partnership (NELEP), a marketing strategy is also under development for 2020/21, which will comprise event attendance, digital marketing (social media) and possible paid-for advertising in key outlets (i.e. the continuation of Bdaily 'Hot Topics' sponsorship).

### 1.10 **Events**

1.11 The INEE team have already attended / exhibited at / sponsored a number of events in 2019/20 representing the region. Key events include:

- XRTGO (April 2019)
- Thinking Digital (May 2019)
- Global Wind, London (June 2019)
- Northern Exposure (September 2019)
- NEAA Expo (September 2019)
- MIPIM UK SUMMIT (October 2019) – report attached at Appendix 1
- Offshore Wind North East (November 2019)
- Eirmersive Irish Immersive Tech Dinner (December 2019)
- North East Built Environment Conference (Jan 2020).

The INEE team is also to sponsoring / exhibiting at the following events this month:

- Shared Services Leaders' Summit
- MIPIM Cannes

### 1.12 **Lead Generation Contract**

1.13 The sourcing of completely new leads for the North East is a vital part of INEE's activity, adding value to the NECA's local authorities' own activities. In 2019 INEE entered in to its second lead generation contract with OCO Global. The contract commenced in July with an amended specification which focuses on:

- Companies in the Financial Professional and Business Services (FPBS) and the digital & technology sectors, which have a base in London, the South East of England, Northern Ireland, or the Republic of Ireland, and who would consider the INEE area as a potential area for re-location or opening a new facility
- UK-based advanced manufacturing companies operating in one or more of the North East's key manufacturing sub sectors including:
  - automotive (especially electrical vehicles and supporting technology companies, including R+D functions)

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- energy (including offshore wind technologies)
- food and drink.

Whilst these are the primary target sectors/markets, projects outside of these broad sectors, but in line with any of INEE's other key sectors, will be sought.

The five key sectors are:

- Digital and Tech
- Energy
- Life Sciences
- Automotive and Advanced Manufacturing
- FPBS.

In addition to this external lead generation activity, in September 2019, INEE appointed a graduate intern to identify further leads in the key sectors, utilising a range of tools and databases. The intern has made good progress and several conversations are ongoing with potential leads.

### 1.14 **Working with the Department of International Trade (DIT)**

#### 1.15 ***DIT National Sector Team briefings***

1.16 In the past 12 months INEE briefed the national DIT teams responsible for Life Sciences, Energy & Infrastructure and Digital. These briefings are one way in which INEE and other partners ensure the DIT national teams have an up to date understanding of North East capabilities and opportunities in key sectors.

#### 1.17 ***Northern Powerhouse Key Account Management Programme***

1.18 INEE continue to manage the DIT Key Account Management Contract. The contract in the North East is performing very well. Account Managers across the local authorities are identifying new projects on a monthly basis with a number of key successes already this year.

#### 1.19 **Trade Update**

#### 1.20 ***International Trade Support Contracts***

1.21 Rather than progress with the procurement of new International Trade Support Contracts, DIT have decided to issue a one-year extension to existing contracts.

1.22 This means the North East Chamber of Commerce will continue delivery of DIT trade support services in the North East until 31 March 2021.

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1.23 DIT may still progress with a national ERDF grant to incentivise the uptake of international trade support from private sector providers. Further details are awaited.

### 2.0 Local Industrial Strategies (LIS)

2.1 The Government has requested that LISs are developed by LEPs – and in some cases Mayoral Combined Authorities – and submitted for refinement and eventual approval. Guidance published by Government in October 2018 highlighted that “Local Industrial Strategies will be long-term, based on clear evidence and aligned to the National Industrial Strategy”.

#### 2.2 *The NELEP Local Industrial Strategy*

2.3 Work has been done to develop a NELEP LIS in partnership, facilitated by the NELEP team. NECA has representation on both the Steering Group and the Working Group. A draft has been approved by the NELEP Board and submitted to Government for consideration / agreement.

### 3.0 European Structural and Investment Funds (ESIF)

3.1 The European Structural and Investment Fund (ESIF) programme continues to be delivered in the North East. The region is split into two areas: (1) More Developed (Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland); and (2) Transition (County Durham). An update on European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development is provided below.

#### 3.2 *European Regional Development Fund (ERDF)*

3.3 The notional allocation for the More Developed area is £176.9m, and in the Transition Area is £86.3m; a total for the NELEP area of £263.2m. Following the latest calls for projects which closed on 30 September 2019, the North East LEP Area ESIF Committee has now provisionally allocated all ERDF grant. It should be noted that while c.£179m of grant is legally committed/at contracting stage, the remaining grant allocation to projects is subject to full appraisal and due diligence, and therefore may result in the attrition of some projects.

3.4 Following this latest call over 30 pipeline projects have been invited to develop full applications or project change requests (for extension projects) across the three priority axes listed below:

- Priority Axis 1 Promoting Research and Innovation

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- Priority Axis 3 Enhancing the Competitiveness of SMEs
  - Priority Axis 4 Supporting the shift towards a Low Carbon Economy in all sectors.
- 3.5 The Government has confirmed that it will guarantee funding for ERDF projects that are contracted by the end of 2020. All contracted ERDF projects must be completed by the end of the programme period, 30 June 2023. Each application for ERDF will be required to demonstrate that it delivers good value for money and domestic strategic priorities.
- 3.6 It is intended that any ERDF grant not allocated through further North East LEP area calls will be recycled into the Reserve Fund which is being set up to ensure that the UK makes best use of remaining programme funds up to 2023. MHCLG is expected to confirm the arrangements for an ERDF Reserve Fund shortly.
- 3.7 ***European Social Fund (ESF)***
- 3.8 Across the NELEP area there is a notional allocation of £224.7m (More Developed £161.3m, Transition £63.4m). As at September 2019, c.£97m has been legally committed in the More Developed area (60%) and c.£52m in the Transition area (82%). Subject to take-up and projects progressing to the contracting stage, it should be noted that commitment levels, including the pipeline applications and live/future calls, could increase to c.97% in the More Developed area and 110% in the Transition area.
- 3.9 The increase in commitment levels for ESF reflects the considerable technical assistance support reported previously, particularly in relation to the Skills for Growth call which closed in August 2019, and the two Inclusive labour market calls which closed in September 2019 and December 2019. In addition, the commitment figures also reflect recent extensions to the National Lottery Community Fund (previously Building Better Opportunities programme) co-financed projects.
- 3.10 The latest ESF Inclusive labour market call for projects issued in September 2019 generated considerable interest from applicants resulting in an overbid of c.£8m ESF. These projects are currently being appraised by DWP.
- All ESF projects must be completed by December 2023 (projects must be completed no later than 3 years and 6 months after the proposed project start date).
- 3.11 A new ESF call for projects was launched in December 2019 in order to deploy approximately £10m of the remaining ESF allocation under Priority Axis 2 Skills for Growth. A regional event to identify potential projects was held by the North East Technical Assistance project. The deadline for full applications was 3 March 2020.

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The activities proposed in this call will focus around the following areas:

- Support for Management, Leadership and Enterprise skills - Support skills provision that delivers an increase in business starts targeted at the smart specialisation and growth sectors; pre-start support; entrepreneurial skills development; and training for innovators throughout their academic and business careers
- Support for employer led skills activities - Focused on SMEs in smart specialisation and growth sectors
- Support skills development for the workforce - Develop skills, including for those newly employed/ low skilled and those facing redundancy; enabling progress or sustainment in work. Focus on low skilled, tackling barriers to employment. Skills refresh e.g. IT skills/specific qualifications to address gaps in emerging technologies
- Support for industry specific intermediate and high-level skills that respond to employer demand and offer flexible responses to emerging and projected skills needs - Focused on smart specialisation and growth sectors.

3.12 As with ERDF, any ESF grant not allocated through further North East LEP area calls will be recycled into the ESF Reserve Fund, overseen by DWP, set up to ensure that the UK makes best use of remaining programme funds up to 2023.

### **4.0 Strength in Places Fund**

4.1 Lead by UK Research and Innovation (UKRI), Strength in Places Fund (SIPF) is a new competitive funding scheme that takes a place-based approach to research and innovation funding, to support local economic growth. The fund aims to support innovation-led regional growth by identifying and supporting areas of R&D strengths that drive clusters of businesses that have potential to innovate, or to adopt new technologies, so that these clusters can become nationally and internationally competitive. Projects will bring together local collaborations building on the underpinning regional economic impact role of universities and other R&D facilities and engaging those businesses at the forefront of delivering economic growth through innovation within the identified economic geography.

4.2 In Wave 1, twenty-three bids across the UK were invited to develop full stage bids for submission by 18 September 2019. Two of these bids are in the NECA area: North East Cluster for Healthy Ageing and Independent Living (NE-CHAIN) led by

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Newcastle University, and the Centre for Sustainable Advanced Manufacturing (CESAM) led by the University of Sunderland.

- 4.3 It is expected that the outcome of SIPF Wave 1 bids will be announced in spring 2020.

Strength in Places Wave 2 was launched in May 2019 with the deadline for Expressions of Interest (EOI) on 9 October 2019. Four EOIs from the North East were submitted and are with Government for appraisal:

- International Centre for Connected Construction
- Net Zero Heat
- Farm Zero
- Next Generation Text: Poetry, Literature, Literacy and Publishing.

EOI awards will be announced from June/July 2020. Selected proposals will enter a bid development stage in which up to £50K seedcorn funding will be awarded to support development of full business cases over six months.

### 5.0 UK Withdrawal from the EU

- 5.1 The UK formally left the EU at 11pm on 31st January 2020, having signed a Withdrawal Agreement with the EU. The Government has said that it will negotiate a trade deal with the EU and agree it on or before 31<sup>st</sup> December 2020.

- 5.2 The timetable has been described as challenging by many and there is the possibility that the main aspects could be agreed while others are subject to further negotiation.

- 5.3 If no trade deal is negotiated, then the trading relationship between the UK and the EU would default to World Trade Organisation terms which include some compulsory tariffs as well as customs checks. Trade between the UK and the EU would no longer be “frictionless” and some of the immediate threats of disruption at UK ports identified in a “no deal” Brexit situation would resurface.

### 6.0 Reasons for the Proposals

- 6.1 This report provides an update on Economic Development and Digital theme.

### 7.0 Alternative Options Available

- 7.1 There are no alternative options associated with this report.

### 8.0 Next Steps and Timetable for Implementation



## Overview and Scrutiny Committee

8.1 A further update will be provided to the Overview and Scrutiny Committee at subsequent meetings.

### **9.0 Potential Impact on Objectives**

9.1 The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

### **10.0 Financial and Other Resources Implications**

10.1 There are no financial or other resource implications directly associated with this report as it is for information only.

### **11.0 Legal Implications**

11.1 There are no legal implications arising from this report.

### **12.0 Key Risks**

12.1 There are no specific risk management issues arising from this report.

### **13.0 Equality and Diversity**

13.1 There are no specific equality and diversity issues arising from this report.

### **14.0 Crime and Disorder**

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

### **15.0 Consultation/Engagement**

15.1 There are no specific consultation and engagement issues arising from this report.

### **16.0 Other Impact of the Proposals**

16.1 There are no further impacts arising from the proposals.

### **17.0 Appendices**

17.1 Invest North England, MIPIM UK Summit Debrief.

### **18.0 Background Papers**

18.1 None.

## Overview and Scrutiny Committee

### 19.0 Contact Officers

19.1 Vince Taylor, Assistant Director of Economic Policy, Sunderland City Council,  
[vince.taylor@sunderland.gov.uk](mailto:vince.taylor@sunderland.gov.uk)

### 20.0 Sign off

- 20.1
- ✓ Head of Paid Service:
  - ✓ Monitoring Officer:
  - ✓ Chief Finance Officer:

### 21.0 Glossary

21.1 None.



## Overview and Scrutiny Committee

Appendix 1

### Invest North East England MIPIM UK Summit 14<sup>th</sup> – 15<sup>th</sup> October 2019

#### Overview

MIPIM UK SUMMIT took place at a new venue in 2019, Old Billingsgate Market, London on 14<sup>th</sup> – 15<sup>th</sup> October 2019 and Invest North East England (INEE) attended with the Local Authorities plus numerous delegates from five private sector partners:

- Hanro Group
- Highbridge Properties Ltd
- Naylor's Gavin Black
- Knight Frank
- Newcastle International Airport (did not attend MIPIM but sponsored event)

The **INEE stand** (20m<sup>2</sup>) was one of only four stands at MIPIM UK SUMMIT and located in the premium area. It accommodated two meeting areas, an informal breakout area, storage space plus tea/coffee making facilities. During the two-day event, INEE hosted a business showcase event and a drinks reception.

The **business showcase presentation**, held on Tuesday 15<sup>th</sup> October in the Fish Market room, was entitled *Building a bright future for County Durham*.

Speakers were:

- Peter Rippingale, Business Durham
- Guy Marsden, Highbridge Properties Ltd

A **drinks reception** was held on the stand on Monday 14<sup>th</sup> October. The regional drinks supporters for 2019 were Maxim Brewery (Sunderland), Laneberg Wine (Gateshead) and Durham Gin (Durham).

To support the North East offer, INEE produced a **Development Opportunities Brochure** which showcased key development and investment sites in North East England. The brochure included city centre, out of town and Enterprise Zone developments to illustrate the diverse investment sites on offer in the region.

A **video** was also created and played on a loop on the INEE stand. The video reinforced the key messages of the Development Opportunity Brochure.

An additional Overview Video showcasing the North East as a business location was also showcased at MIPIM UK. This re-enforced the region's key messages and sector specialisms.

INEE Director, Guy Currey presented key North East Development Opportunities to a group of Chinese Investors in a private presentation hosted by the DIT Minister for Investment.

## Overview and Scrutiny Committee

To complement the above, the INEE team produced marketing collateral to enhance and promote the key events, hosted by INEE:

- A5 Flyer for Business Showcase and Drinks Reception (this was also produced as a HTML version)
- Press Release
- E-mail footer and pictures for Social Media
- Branded INEE Cups for hot drinks on the stand
- Branded name badges for delegates
- INEE team updated the Development Opportunities section of the INEE website with new content and promoted via social platforms throughout the event
- Social Media posts using #MIPIMUK to promote INEE pre-event and throughout the two days
- A communication plan was shared with private partners and local authorities (marketing teams) to further leverage key selling messages throughout the event.

### **Feedback from partners following MIPIM Lead Generation / Return on Investment**

Feedback from Partners as to the **value of MIPIM** and what they achieved:

- “For our business it was important to be part of the wider INEE team and help promote the region as best possible. We are on a number of schemes that were promoted at MIPIM UK but had no specific meetings. We did meet some other professionals in the two days that may lead to something”
- “For individual contact it was actually better this year.”
- “We did have a number of useful meetings and follow up conversations. The number of meetings and discussions were in line with an organised programme of meetings to London outside of the event.”
- “Main benefit for me was the discussions at the event and outside with Agents. Picked up some interesting intel and improved/cemented relationships.”

### **Specific Feedback relating to INEE stand / events Stand**

<b><u>Positives</u></b>	<b><u>Negatives:</u></b>
<ul style="list-style-type: none"> <li>• The location and size of the stand was perfect</li> <li>• “Best stand at the venue”</li> <li>• The stand was striking and benefitted greatly from the location</li> </ul>	<ul style="list-style-type: none"> <li>• Remove the small step up to the stand</li> <li>• A tweaked bar area as it did get a little messy/ crowded during the drinks reception</li> </ul>

## Overview and Scrutiny Committee

<p>and the fact that it was the only region with such a presence.</p> <ul style="list-style-type: none"> <li>The design was clean and in line with branding and the set up allowed for networking.</li> </ul>	
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### Development Opportunities Brochure + Video

<p><b>Positives:</b></p> <ul style="list-style-type: none"> <li>Great visuals in the brochure reinforced with the stand made it better</li> <li>Useful tool for the region</li> <li>Very professional and gave a good overview of what the North East has to offer and across many sectors</li> </ul>	
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### Business Showcase

<p><b>Positives:</b></p> <ul style="list-style-type: none"> <li>Very good. Thought Peter did a tremendous job.</li> <li>Those who attended did comment how useful it was to hear of developments in Durham.</li> </ul>	<p><b>Negatives:</b></p> <ul style="list-style-type: none"> <li>Poor turnout of delegates from outside the region</li> </ul> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>More proactive targeting of invitees next year prior to MIPIM UK</li> </ul>
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### Drinks Reception

<p><b>Positives:</b></p> <ul style="list-style-type: none"> <li>Very impressed by the number of people attended</li> <li>“Best so far due to location and profile of stand”</li> <li>The drinks reception was busy and allowed a good opportunity for North East and non-North East delegates to chat.</li> <li>Given INEE had the only regional stand it did well in drawing in a wide audience and provided a focal point for networking.</li> </ul>	
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<ul style="list-style-type: none"> <li>• Timing was good as it was early enough to attract people and engage with them earlier but still gave people time to speak to us on the day and then also the following morning</li> </ul>	
--	--

### Additional Observations from MIPIM

- Venue much better located and more personable than previous years. Limited offering in the venue for food but the offsite locations close by made up for that.
- The new location and format of MIPIM UK is definitely an improvement on past years, although there was still a lack of some main investors/ developers. Being in London it is hard to keep the London-based companies in one place for too long and those that did attend, stayed only briefly.
- Would have loved to see private, invite-only event somewhere outside of the conference to showcase the region.
- For future events, it may be worthwhile trying to place some of our attendees on other panels to drive interest as well as working on driving a wider audience for our sessions.

### Initial Discussions for 2020 MIPIM UK Planning

If INEE was to exhibit and take a lead for 2020, some high-level discussion points need to be addressed at the initial planning stage:

- **Stand:**
  - INEE would like to secure a similar stand space for future events. Overall the size / general layout work well but a refreshed appearance is required
- **Business Showcase:**
  - INEE and partners need to be more proactive in attracting more delegates to the business showcase event. *Possibly drafting a bespoke invitation to a targeted delegate list prior to MIPIM UK 2020?*
- **Evening Event:**
  - INEE and partners need to discuss the possibility of organising an external event. This was initially discussed for 2019 with Developing Consensus and is something that partners would like to progress for 2020.

# Overview and Scrutiny Committee

## Press and Social Media Coverage:

### Press Release:

#### [DEVELOPMENT OPPORTUNITIES IN NORTH EAST ENGLAND TO BE SHOWCASED AT UK'S LARGEST PROPERTY EVENT, MIPIM UK SUMMIT](#)

- Featured on regional website news outlets
- Featured on websites via Local Authority Partners and Converge Today (media platform)

### Social Media:

#### Twitter:

Twitter Impressions from 14/10-15/10 were 9.9k and engagement rate at 1.7% with 16 retweets and 80 likes.

time	Tweet text	impressions	engagements	retweets	replies	likes	user profile clicks	url clicks	hashtag clicks	detail expands
2019-10-15	The three massive developments that will change #Newcastle city centre #MIPIMUK #investnortheast <a href="https://t.co/ACEYlr4PgD">https://t.co/ACEYlr4PgD</a>	1398	39	4	0	14	0	21	0	0
2019-10-15	Last afternoon of #MIPIMUK There is still time to visit the #investnortheast stand (S08) and speak to the team and our partners about investment and development opportunities in #NorthEast England <a href="https://t.co/nZy5mMY4CU">https://t.co/nZy5mMY4CU</a> <a href="https://t.co/igSixzVkuO">https://t.co/igSixzVkuO</a>	663	10	1	0	4	0	0	0	2
2019-10-15	At #MIPIMUK? Join the #investnortheast team today at 10:45am for our Business Pitch session (Fish Market Room) to hear about the Development Opportunities available in #CountyDurham presented by @_BusinessDurham and @HBPPLC <a href="https://t.co/N0en5Uksh9">https://t.co/N0en5Uksh9</a>	1127	11	2	0	6	1	0	0	0
2019-10-15	Do you want to know about development opportunities in the #Northeast? Visit #investnortheast stand (S08) at #MIPIMUK and pick up one of our brochures. <a href="https://t.co/nZy5mMY4CU">https://t.co/nZy5mMY4CU</a>	994	15	2	0	9	0	4	0	0
2019-10-14	Our drinks reception at #MIPIMUK is underway Visit our stand (S08) to have some North Eastern drinks and chat to the team #investnortheast <a href="https://t.co/3OQhLHkCW">https://t.co/3OQhLHkCW</a>	1811	73	4	0	13	2	2	2	9
2019-10-14	At #MIPIMUK? Join us at the #investnortheast stand (S08) from 3:30pm today for our drinks reception. Taste some locally sourced drinks provided by @DurhamDistilUK, @LanebergWine and @MaximBrewery	517	7	0	0	3	2	0	0	2
2019-10-14	At #MIPIMUK today? Drop by our stand (S08) and speak to the #investnortheast team about development opportunities in North East England <a href="https://t.co/WtPqR29Z0">https://t.co/WtPqR29Z0</a>	987	10	1	0	6	0	0	0	1
2019-10-14	Sumitomo Announced as First Tenant at @JadeParkDurham in County Durham #investnortheast #moreandbetterjobs <a href="https://t.co/1HnY5kff0">https://t.co/1HnY5kff0</a> <a href="https://t.co/8uB0tshp6C">https://t.co/8uB0tshp6C</a>	521	16	0	0	9	0	2	0	4
2019-10-14	Interested about finding out about #NorthEast #investment opportunities? Come and see us at #MIPIMUK on the #investNorthEast stand S08 (14-15 Oct) <a href="https://t.co/nZy5mMY4CU">https://t.co/nZy5mMY4CU</a> <a href="https://t.co/7eBMhw56yl">https://t.co/7eBMhw56yl</a>	1852	32	3	1	10	0	3	0	10

### LinkedIn:



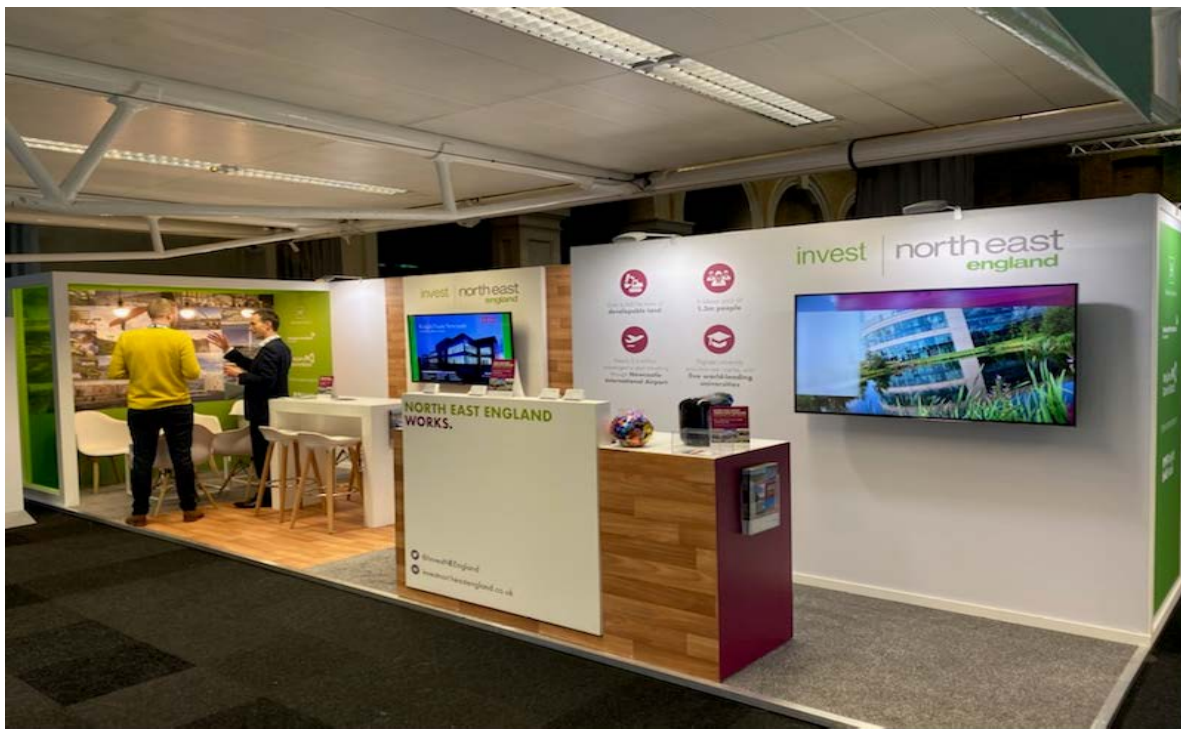
## Overview and Scrutiny Committee

- Maintained a presence on LinkedIn with MIPIM UK, posted in reference to Press release and Business Showcase / Drinks reception however focus remained on Twitter for posting during event

### Website:

- INEE website traffic throughout MIPIM UK was constant
- The development opportunity page on the website was specifically developed for MIPIM UK and updated for 2019 – this was one of the top pages viewed throughout October and was supported via social media campaigns during the month

### Appendix A – INEE Stand



## Overview and Scrutiny Committee

### Appendix B - Press release

October 2019

News release

### **Development opportunities in North East England to be showcased at UK's largest property event**

Invest North East England, along with public and private sector partners from across the region, will be showcasing a range of development opportunities available in the North East at the UK's largest exhibition and conference for property professionals.

MIPIM UK Summit, which takes place on 14 & 15 October at Old Billingsgate Market in London, attracts thousands of potential investors and top-level real estate professionals from all over the world interested in major development projects taking place across the UK.

Joining Invest North East England at the event will be representatives from the seven regional Local Authorities and private sector partners including Newcastle International Airport, Naylor's Gavin Black LLP, Knight Frank, Hanro Group and Highbridge Properties Plc.

Together they will be highlighting development opportunities in North East England including Giants on the Quayside in Newcastle, Milburngate in Durham and the IAMP (International Advanced Manufacturing Park) in Sunderland/South Tyneside.

Guy Currey, Director at Invest North East England, said: "We're sending a really positive message to UK and foreign investors that public and private sector confidence is high in North East England.

"The region is pushing forward with nationally significant projects that will boost our economy, attract investment, increase tourism and create more and better jobs.

"We're seeing the next wave of major infrastructure developments that will put North East England on the map."

Patrick Matheson, Director, Knight Frank, said:

"Knight Frank are absolutely delighted to be a partner of Invest North East England and attending MIPIM UK Summit. The North East has so much to offer both investors and real

## Overview and Scrutiny Committee

estate occupiers and we are really looking forward to promoting the region and all the fantastic opportunities it presents.”

As well as hosting a stand at the exhibition, Invest North East England is holding a pitch session that will focus on development opportunities available in County Durham. Investors will also be invited to join local partners for a drinks reception at the Invest North East England stand, where they'll have the opportunity to sample locally sourced produce including Durham Gin, beers from the Maxim Brewery and wine from Laneberg Wine, Tyneside's first winery.

Invest North East England works in partnership with the region's seven local authorities to help businesses locate or expand in North East England. Focusing on the region's sector strengths, it helps businesses access UK Government, support agencies, sector specialists, universities, colleges, knowledge networks, finance streams and business organisations so they can locate, grow and prosper in the region.

For more information, visit [www.investnortheastengland.co.uk](http://www.investnortheastengland.co.uk).

MIPIM UK Summit takes place on 14 & 15 October in London. To find out more about the event, visit [www.mipimuk.co.uk](http://www.mipimuk.co.uk).

**-ENDS-**



# Overview and Scrutiny Committee

## Appendix C – A5 Double-sided Flyers

**BUSINESS SHOWCASE**  
 Tuesday 15th October, 10.45am – Fish Market Room

**Building a brighter future for County Durham**



County Durham offers a host of unique investment opportunities and development sites. All offer superb access to major transport networks and links to high-tech R&D facilities which are underpinned by a skilled and committed workforce. A combination of private and public sector investment has created a comprehensive range of development opportunities throughout the county.

Join Invest North East England, Business Durham and Highbridge Properties as we look at why County Durham offers tremendous investment and development opportunities.

Speakers – Peter Rippingale, Business Durham and Guy Marsden, Highbridge Properties.

invest | north east england | Business Durham

**DRINKS RECEPTION**  
 MONDAY 14TH OCTOBER, FROM 3.30PM  
 STAND S08 – INVEST NORTH EAST ENGLAND



You are invited to join us and our partners for a drinks reception on our stand (S08) to discuss development opportunities in North East England and sample some locally produced beverages.

Don't forget to submit your business card to the free prize draw – a fantastic bottle of Durham Gin to be won.

Drinks sponsors:  
 invest | north east england | GIN | MAXIM | THE WINERY

H Highbridge Properties | Newcastle International | Regions & Growth | THE HANRO GROUP | Knight Frank

## Appendix D – Photos of the event



## Overview and Scrutiny Committee



## Overview and Scrutiny Committee

**Date:** 19 March 2020

Agenda Item 6

**Subject:** The North East Strategic Economic Plan

**Report of:** Chief Executive of the North East Local Enterprise Partnership

### Executive Summary

The report provides Committee with an overview of performance of the North East Strategic Economic Plan (SEP) targets, funding programmes and delivery programmes.

### Recommendations

The Overview and Scrutiny Committee is recommended to note progress made against delivery of the North East Strategic Economic Plan.

## Overview and Scrutiny Committee

### 1. Background Information

- 1.1 The North East Local Enterprise Partnership (North East LEP) is responsible for setting the economic policy for the North East and then leading its delivery with partners from across the region. The report provides Committee with an overview of performance against the regional North East Strategic Economic Plan (SEP) targets and key programmes' activities.

All 38 Local Enterprise Partnerships were required to produce a Strategic Economic Plan for the ten-year period from 2014-24.

The North East SEP was refreshed in January 2019 and can be found at: <https://www.northeastlep.co.uk/the-plan>

- 1.2 This report is set out in 3 parts:

- An update on the regional SEP economic KPIs
- An update on the North East LEP's funding programmes
- An update on the SEP delivery programmes

### 2. Proposals

- 2.1 The SEP has 6 key performance indicators which measure the North East economy. These are to:

- Create 100,000 more jobs in the North East economy by 2024 than there were in 2014
- Have 70% of these additional jobs classed as 'better' jobs, which are defined as managerial, professional and technical roles
- Close the gap with England excluding London in the employment rate for people aged 16 to 64 by 100% by 2024
- Reduce the gap with England excluding London in the economic activity rate for people aged 16 to 64 by 50% by 2024
- Reduce the gap with England excluding London in private sector employment density by 50% by 2024
- Reduce the gap with England excluding London in productivity by 50% by 2024.

- 2.2 The current performance of the 6 KPI's is set out below.

More and better jobs - The aim is to have 100,000 more jobs in the North East economy by 2024 than there were in 2014 and for 70% of these to be better

## Overview and Scrutiny Committee

jobs. Employment in all types of jobs in the North East rose from 811,300 in March 2014 to 884,400 in September 2019, an increase of 73,100.

Over the same period, employment in better jobs in the North East rose from 298,600 to 372,500, an increase of 73,900. The increase in better jobs is now equivalent to 101% of the net increase in all jobs.

Increased employment in better jobs has, therefore, driven the overall increase in North East employment and has more than made up for a slight fall in employment (by about 700) in other occupations.

A year ago, employment in all jobs had risen by 63,800 since March 2014 with about 77% of the additional employment being in better jobs. Since that date, employment has risen by a further 9,300, made up of an increase of about 24,500 in employment in better jobs and a fall in employment in other jobs of about 15,100.

Employment rate - Close the gap with England excluding London in the employment rate for people aged 16 to 64 by 100% by 2024

The North East's working age employment rate increased from 67.0% in March 2014 to 72.0% in September 2019. The equivalent rate for England excluding London had a smaller increase, from 72.1% to 76.2%, and the gap between the two rates decreased by 21%.

A year ago, the North East's employment rate was 71.6%, compared to 75.5% for England excluding London. At that point, the gap had decreased by 25% but it has increased slightly in the most recent 12 months.

Economic activity rate - Reduce the gap with England excluding London in the economic activity rate for people aged 16 to 64 by 50% by 2024

The North East's working age economic activity rate increased from 74.1% in March 2014 to 76.3% in September 2019. The England excluding London rate had a smaller increase, from 77.6% to 79.3%, and the gap between the rates decreased by 14%.

A year ago, the North East rate was 75.3%, compared to 78.7% for England excluding London and the gap had closed by 4%. During the past 12 months the gap has decreased further.

Private sector employment - Reduce the gap with England excluding London in private sector employment density by 50% by 2024

According to the latest annual data, the North East had 0.52 private sector jobs per working age adult in 2018, compared to 0.62 in England excluding London. The North East's figure is the same as in 2015, the earliest comparable date available, while the England excluding London figure has increased from 0.60. The gap between the two has, therefore, increased by 17%.



## Overview and Scrutiny Committee

The 2018 North East figure is less than in 2017, when it was 0.53, while the England excluding London figure is unchanged. As such, the gap has continued to increase.

Gross Value Added (GVA) per hour - Reduce the gap with England excluding London in productivity by 50% by 2024

The North East GVA per hour increased by 8.6% between 2014 and 2017 (the latest data available) from £27.57 to £29.95. The equivalent rate for England excluding London increased by 6.6%, from £29.39 to £31.32. The gap between the two has decreased by 29%, more than half way towards the target of a 50% decrease by 2024. These figures have not been updated in the last year, with the 2018 data release having been delayed until 28<sup>th</sup> February.

### 3.0 North East LEP Funding Programmes - Update on Performance

3.1 The North East LEP is responsible for managing three funding schemes each of which support the SEP objectives. These are:

Growth Deal Local Growth Fund - £270.1m capital grant funding for a range of SEP focussed strategic investments – transport schemes, economic development site infrastructure, innovation and skills facilities.

Enterprise Zones – employment development site infrastructure – loan funding re-paid from business rates income raised from within these sites.

North East Investment Fund - £54m loan fund - mainly supporting commercial property schemes and specific business growth projects.

### 3.2 North East LEP Growth Deals: Local Growth Funding (LGF) 2015 - 2021

The LGF Programme has a budget £270.1m to help support the delivery of the North East Strategic Economic Plan 2014-2024. The six year capital funding programme commenced in 2015/16 and is currently approaching the end of its fifth financial year. In early 2019 a programme progress video was prepared featuring many funded projects. This can be viewed here <https://www.northeastlep.co.uk/funding/local-growth-funding>. The North East LEP website also includes a dedicated web page for each project that has received support.

Table 1 below provides a programme overview, showing projects broadly categorised under the SEP investment themes. Of the 147 projects currently in the Programme, 84 are physically and financially completed, 53 are approved and in progress and 10 in the pipeline waiting approval.

Five of the 'projects' are actually 'mini programmes' that are supporting smaller scale schemes. These are the Local Sustainable Transport Fund -

## Overview and Scrutiny Committee

supporting 14 projects e.g. cycle schemes and urban traffic management systems and the North East Rural Growth Network Programme that is supporting more than 42 business growth and rural economic infrastructure projects. An Innovation project development fund has to date supported seven studies to further develop a strategic pipeline of projects across the North East whilst the 'Incubator Development Fund' has aided seven business incubator projects. In 2019, a new Energy for Growth Programme was approved and to date, 7 small scale renewable projects and feasibility/development studies have been approved with two more in the pipeline.

3.3

Table 1: Summary of LGF projects by SEP theme

Number of LGF Programme projects					
SEP Theme	Skills	Innovation	Economic Assets/ Business Growth	Transport	Total
Number in pipeline (pre contract)	2	8	0	0	10
Number contracted and in progress	3	16	21	13	53
Number physically & financially completed	6	14	41	23	84
Total number of projects	11	38	62	36	147

### 3.4 LGF Latest Budget Position

Of the £270.1m budget, 97% has been formally contracted and £243.6m has been spent up until 31st December 2019. In regard to the 2019/20 budget of £28m, 57% has been spent to date and whilst there is an estimated year end underspend of £2.6m, this is planned to be eliminated through mitigation measures to be agreed by the LEP Board prior to the financial year end. The overall budget and performance delivery of the North East LEP to date has been assessed by MHCLG as 'good'.

## Overview and Scrutiny Committee

### 3.5 Table 2: 2019/20 LGF Budget Summary

Capital Budget	28,063,127
Quarter 1,2 and 3 expenditure	16,144,403
Forecast total expenditure	25,415,619
Forecast underspend*	<b>-2,647,508</b>

### 3.6 LGF Key Performance Indicators

The LGF programme measures progress against a wide range of performance indicators that reflect the diversity of projects that are being supported. The indicators below show progress based on project quarterly monitoring returns against the forecast end of 2019/20 figures that were published in this year's North East LEP Annual Delivery Plan. Projects that are physically and financially completed only report data annually in April, so figures to date under present the true position as the actual data has not yet been received. There are currently two indicators (shown in red) where it is expected that the outcome this year will be below forecast.



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Table 3: Key Performance Indicators 2019/20.

Key performance Indicators	2019/20 Quarter 1	2019/20 Quarter 2	2019/20 Quarter 3	2019/20 Forecast
Gross Jobs connected to direct employment site	55	108	322	1,000
Number of apprenticeship/traineeship opportunities created	1	22	0	178
Number of established / new businesses accommodated (local indicator)	3	14	11	67
Commercial Floorspace Constructed (m2)	933	31,268	357	69,623
Commercial Floorspace refurbished (m2)	570	333	249	850
Site reclaimed, re- developed or assembled (ha)	0	10.6	18.4	53
Follow on investment	0.29m	0.25	14.0	£92m
New build training/learning floorspace (m2)	0	0	0	nil
Number of learners at NVQ Level 3	0	3	0	-
Number of business receiving non-financial support	37	55	88	442
Number of business receiving financial support	20	20	26	206
Total length of newly built roads (km)	0	0	1.56	0.4
Total length of resurfaced roads	0	0	0	2.6
Total length of new cycleways	0.8	0.3	0	2.2
Construction Jobs (local indicator)	tbc	tbc	tbc	-
LGF annual budget expenditure %	13.2	30	57	100
Number of education establishments engaged	0	0	55	105
LGF social media campaign – numbers engaged		67,000	67,000	10,000
% of LGF lifetime budget contracted	97	97	97	99

## Overview and Scrutiny Committee

### 3.7 Enterprise Zones (EZs)

The first round of EZs was launched in April 2012 to support economic growth by providing tax breaks to incentivise businesses to start-up, grow and expand. Subsequently, government approved a second round of designated sites that went live in April 2016. In total there are 21 Enterprise Zone sites in the North East, most of which require significant advance infrastructure funding to be able to effectively compete and attract business investment. To date, enterprise zone funding (borrowing) has been approved for 15 EZ sites totalling £131.7m to enable for example, site remediation, onsite and offsite highway infrastructure, drainage and the provision of utilities. From the approved budget, £48.4m has been spent to date. Two further EZ site applications are expected to come through for funding approval during 2020. Further information on each EZ site can be found on the North East LEP website here: <https://www.northeastlep.co.uk/funding/enterprise-zones>.

Business rates income projections are independently reviewed, every two years with the most recent update in July 2019, to provide assurance that income projections can cover the borrowing and interest charges. Income modelling updates are also routinely made to reflect performance monitoring updates from EZ site managers. Currently, over the 25 year life of the EZ sites, a positive surplus of £225.1m is forecast after all current and projected infrastructure borrowing has been re-paid from business rate receipts.

The latest EZ key performance indicators are shown in Table 4 below. Currently annual targets for 2019/20, where set, are expected to be achieved. No significant under performance is forecast.

### 3.8 Table 4: Enterprise Zones – 2019/20 Key Performance Indicators

KPI	Q3 2019-20	2019-20 to date	2019-20 forecasts
Newly created jobs (FTE) excluding construction jobs	8	179	270
Number of newly accommodated businesses	2	5	1
Other public-sector investment	£7,985,715	£16,821,826	-
Private sector investment	£1.55m	£2.85m	£24.4m
Ha of land remediated	0	0	5
Sqm of commercial floorspace created	0	21,800	15,250

## Overview and Scrutiny Committee

### 3.9 North East Investment Fund (NEIF)

The North East Investment Fund is a loan fund that is made available to support capital projects that encourage local economic growth and create jobs. It has been operational since 2012 and was formed through combining Regional Growth Fund and Growing Places Fund budgets into £54 million fund. As an evergreen fund, repayments and interest from all loans is put back into the fund and re-allocated to support new projects. The current budget position is set out in Table 5. Part of the NEIF budget (£5.7m) was set aside in 2018 to form a pilot fund (North East Property Fund) totalling £10m (with matched funds from Santander) and is managed by FW Capital. This sub fund is focussed on enabling small, mainly housing developments by small scale local developers to proceed that cannot secure sufficient finance in the lending markets. To date, this fund has aided 11 schemes of which nine are housing, one mixed use and one commercial.

More recently, with the original NEIF loan allocations now beginning to be repaid in significant sums, plans are progressing to re-deploy and focus the balance of resources into two new funding regimes that are in the process of being introduced. These are the 'North East Inward Investment Fund' with a £8m NEIF funding contribution - this has gone live this month, and the 'Commercial Property' Fund that is planned to be launched later in 2020 and will aim to help stimulate investment in speculative commercial and industrial property developments.

**Table 5: Latest NEIF Budget Summary**

NEIF Budget at 31 January 2020	
Regional Growth Fund (RGF)	£29.3m
GPF (Growing Places Fund)	£24.7m
<b>Fund Budget (plus interest)</b>	<b>£54m (+£2.1m)</b>
<b>Total Investment Made to date (No. of Projects)</b>	<b>£67.9m (28)</b>
<b>Current Balance for Investment</b>	<b>£18.6m</b>

- 3.10 The NEIF has invested over its lifetime into 28 capital projects with two further projects currently in the pipeline. The NEIF operates with a small number of performance indicators. Outputs reported to the end of Q2 (the most recent six-monthly reporting period) are shown in Table 6 - as a whole, the NEIF does not have any forecast annual performance targets.

## Overview and Scrutiny Committee

**Table 6: NEIF - Latest position on Key Performance Indicators 2019/20**

Key Performance Indicator	End of Quarter 2
Construction jobs	69.5
Jobs created	405
Jobs safeguarded	161
Housing units	53

### 3.11 Funding programme information

The North East LEP website includes a web page outlining each project that is supported by the funding programme referred to in this report. Projects can be searched by location, SEP theme, funding programme or current status- <https://www.northeastlep.co.uk/projects>

## 4.0 The SEP Delivery Programmes

4.1 The SEP has 5 programmes which are set out towards the back of the document. They cover:

- Innovation
- Business growth
- Skills, employment, inclusion and progression
- Investment and infrastructure
- Transport connectivity

4.2 Progress against the projects and activities are reported to each LEP Board meeting. The last Board was held on 30 January 2020. The report is attached as appendix 1 for information.

## 5. **Next Steps and Timetable for Implementation**

5.1 The LEP Board receives updates at every meeting on the KPIs, funding programmes and delivery programmes.

## 6. **Potential Impact on Objectives**

6.1 There are no impacts on NECA's objectives arising from this report.

## Overview and Scrutiny Committee

### **7. Financial and Other Resources Implications**

- 7.1 The North East LEP LGF Funding Programmes continue to be managed within budget in line with the Assurance framework and overseen by NECA's section 73 officer.

### **8. Legal Implications**

- 8.1 All new investment projects are appraised prior to contract in relation to compliance with relevant legislation including procurement regulations and European regulations in regard to State Aid.

### **9. Key Risks**

- 9.1 The LEP Risk Register is reported to Audit and Standards Committee.

### **10. Equality and Diversity**

- 10.1 There are no specific equality and diversity implications arising from this report.

### **11. Crime and Disorder**

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

### **12. Consultation/Engagement**

- 12.1 The North East SEP 2014 and updates in 2017 and 2019 were subject to wide consultation. Individual LGF projects are required to undertake appropriate consultation prior to business cases being finalised.

### **13. Other Impact of the Proposals**

- 13.1 None

## Overview and Scrutiny Committee

### 14. Appendices

14.1 SEP Programme Delivery Update – January 2020

### 15. Background Papers

15.1 The North East Strategic Economic Plan January 2019

### 16. Contact Officers

16.1 Helen Golightly, Chief Executive, North East LEP

[helen.golightly@nelep.co.uk](mailto:helen.golightly@nelep.co.uk)

### 17. Sign off

17.1 ✓ Head of Paid Service:

✓ Monitoring Officer:

✓ Chief Finance Officer:

### 18. Glossary

18.1 SEP – Strategic Economic Plan

## Overview and Scrutiny Committee

**Date:** 19 March 2020

Agenda Item 7

**Subject:** Update on Local Industrial Strategy

**Report of:** Chief Executive of the North East Local Enterprise Partnership

This item will be given as a verbal update.





## Overview and Scrutiny Committee

**Date:** 19 March 2020

Agenda Item 8

**Subject:** Forward Plan and Scrutiny Work Programme Update

**Report of:** Policy and Scrutiny officer

### Executive Summary

The purpose of this report is to provide Members of the Overview and Scrutiny Committee with an opportunity to consider the items on the Forward Plan for the current 28-day period and discuss items for the Work Programme for 2019 / 2020.

### Recommendations

The Overview and Scrutiny Committee is recommended to:

- i. Review the current Forward Plan and consider which items they may wish to examine in more detail;
- ii. Suggest any items for the Work Programme for 2019/2020 that Members would wish to explore in more detail, either at the Committee or via a 'deep dive' or working group;

## Overview and Scrutiny Committee

### 1. Background Information

- 1.1 The Forward Plan is a document which NECA is required to maintain under the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2017. The Forward Plan is published on NECA's website and lists the decisions that the North East Combined Authority intends to take in the coming months and must include all decisions to be made in the next 28 days.
- 1.2 The Forward Plan template contains specific information relating to each decision, including the date the decision will be made, a brief explanation of the topic, the consultation to be undertaken, and contact details of the author. The Forward Plan template has recently been updated and includes further information including if the decision is a 'Key Decision' and if an item will be discussed in private.
- 1.3 Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This supports the transparency of decision making within the Combined Authority and allows members of the public to see the items that will be discussed. There are special procedures for circumstances where publication for the full 28 clear day period is impractical or where there is special urgency. Both of these procedures involve the Chair of the Overview and Scrutiny Committee and would be reported to the Overview and Scrutiny Committee at its next meeting.

### Role of Overview and Scrutiny

- 1.4 The Overview and Scrutiny Committee examine any decisions of the North East Combined Authority – be that by the principal decision-making body or a committee or officer holding delegated authority. This Scrutiny occurs in public and ensures democratic and public accountability.
- 1.5 One of the main functions of the Overview and Scrutiny Committee is the review and scrutiny of 'Key Decisions' made by the NECA Leadership Board and Officers of the Combined Authority. The relevant regulations set out a test for what should be considered a Key Decision – being those which are most significant in financial or other terms. This is explained in the Decision-Making Protocol adopted by the Committee on the 15 March 2018. At the inaugural meeting of the NECA Leadership Board on the 13 November, following the governance changes, it was agreed that the Decision Making Protocol would remain in place:

<https://northeastca.gov.uk/wp-content/uploads/2018/08/NECA-Decision-Making-Protocol.pdf>

## Overview and Scrutiny Committee

- 1.6 It is NECA's practice to include formal decisions on the Forward Plan to maximise the opportunity for review and scrutiny. In considering items in the Forward Plan, the Overview and Scrutiny Committee should determine which areas scrutiny can add most value to in relation to the decisions being made.
- 1.7 The Forward Plan at the date this paper was issued is attached marked as Appendix 1. The up to date forward plan is always published at <https://www.northeastca.gov.uk/committee-meetings/forward-plan>.

### Update on Requests for Special Urgency / General Exception

- 1.8 In accordance with the Decision Making Protocol, it was agreed by Members that the request of any Short Notice Procedure that involved the Chair of the Overview and Scrutiny Committee would be reported at the next Committee. The table below shows the number of requests made since the last meeting was held:

Type of Short Notice Procedure	Number of Requests since previous Committee
Requests for Special Urgency	0
Request for General Exception	0

- 1.9 The table above reflects that there have been no requests for general exception and no requests for special urgency since the last Committee.

### Annual Work Programme - Update

- 1.10 The most recent version of the work programme has been compiled to allow the Overview and Scrutiny Committee the opportunity to consider items that they have requested.
- 1.11 The work programme is also designed to give an overview of all performance, decision-taking and developments within the NECA, as well as being focused and flexible to allow for new issues and recognising the capacity of the scrutiny committee to respond in a timely way to emerging developments throughout the year. The Plan allows the Committee to take a longer term view than the Forward Plan, adding a longer term perspective to the Committee's work. Advantages of a longer term perspective is the opportunity to gain a deeper understanding of matters and to allow for more constructive engagement and scrutiny.

## Overview and Scrutiny Committee

- 1.12 Members are also invited to comment and give consideration to any additional items they would wish to consider on their Work Programme or those decisions where they can add value.

- 1.13 The update on 'Contract Commissioning' has been moved to the next Overview and Scrutiny meeting in June to allow for more relevant and up-to-date information to be presented. The scope of the audit into contract commissioning has been completed however the work is currently being completed and final report is not available for this meeting.

### **2. Proposals**

- 2.1 Committee Members are invited to review the Forward Plan for the current 28-day period – giving consideration to any items they may wish to examine in more detail – and to suggest any items for addition to the Annual Work Programme for 2019/20.

### **3. Reasons for the Proposals**

- 3.1 To provide an opportunity for Committee members to input on any additional items as part of continued planning for the Work Programme for 2019/20.

### **4. Alternative Options Available**

- 4.1 Option 1 – The Overview and Scrutiny Committee may review Forward Plan and suggest additional items for the Work Programme.

Option 2 – The Overview and Scrutiny Committee may choose not to review the Forward Plan or consider any additional items for the Work Programme.

Option 1 is the recommended option.

### **5. Next Steps and Timetable for Implementation**

- 5.1 In considering the Forward Plan, Members are asked to consider those issues where the Scrutiny Committee could make a contribution and add value.

- 5.2 If the Overview and Scrutiny Committee determines to review or scrutinise a decision notified in the Forward Plan, a meeting of the Committee will be arranged to allow scrutiny members to carry out their role in a timely manner.

- 5.3 The work programme will be refreshed and updated at each meeting of the Committee throughout the year.

## Overview and Scrutiny Committee

### 6. Potential Impact on Objectives

- 6.1 Development of a work programme and review and scrutiny of decisions in the Forward Plan will contribute towards the development and implementation of the policy framework of the NECA, the Joint Transport Committee and the North East LEP as well as providing appropriate challenge to decisions making.

### 7. Financial and Other Resources Implications

- 7.1 No financial or other resource implications are identified at this stage.

### 8. Legal Implications

- 8.1 There are no specific legal implications arising from these recommendations.

### 9. Key Risks

- 9.1 There are no key risks associated with the recommendations made in this report.

### 10. Equality and Diversity

- 10.1 There are no specific equality and diversity implications arising from this report.

### 11. Crime and Disorder

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

### 12. Consultation/Engagement

- 12.1 On-going consultation takes place with Officers and Scrutiny Members across the NECA in regard to the items for the Annual Work Programme as Appendix 2.

### 13. Other Impact of the Proposals

- 13.1 The proposals consider the wider impact and take into account the Principles of Decision Making as set out in the NECA Constitution. They allow Members consideration of the items on the Forward Plan and allow them the opportunity to have an overview of all performance, decision making and developments across NECA.

### 14. Appendices

- 14.1 Appendix 1 – Forward Plan

## Overview and Scrutiny Committee

Appendix 2 – Annual Work Programme Update

### 15. Background Papers

15.1 None.

### 16. Contact Officers

16.1 Gavin Armstrong, Policy and Scrutiny Officer

Email: [gavin.armstrong@northeastca.gov.uk](mailto:gavin.armstrong@northeastca.gov.uk)

Telephone Number: Tel No: (0191) 4247537

16.2 Nicola Robason, Deputy Monitoring Officer

Email: [nicola.robason@southtyneside.gov.uk](mailto:nicola.robason@southtyneside.gov.uk)

Telephone Number: 0191 424 7186

### 17. Sign off

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

### 18. Glossary

18.1 NECA - North East Combined Authority

North East LEP - North East Local Enterprise Partnership

## Appendix One



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

## **Overview and Scrutiny Committee**

**Forward Plan**

**Appendix Two**

## Overview and Scrutiny Committee

### Overview and Scrutiny Work Programme 2019/2020 March 2020 – June 2020

#### Standing Items for each Committee Meeting:

- Declaration of Interest
- Minutes of Previous Meeting
- NECA Forward Plan and Work Programme Report

#### Source of work programme and items of importance:

The Overview and Scrutiny Committee obtains work programme items from the following sources:

- Items submitted by Members of the Committee (and including items referred by other members of the Combined Authority);
- Suggestions NECA Chief Officers; Martin Swales – Head of Paid Service, Mike Harding – Monitoring Officer / Nicola Robason – Deputy Monitoring Officer and John Hewitt – Chief Finance Officer / Paul Darby – Deputy Finance Officer
- The Budget and Policy Framework; Transport Plan and Strategic Economic Plan
- The Forward Plan;
- The Thematic Leads;
- Evidence for any policy review work of relevance to NECA

#### Items for future consideration (2019-2020)

Item	Lead Officer	Proposed report at meeting on:
<b>NECA Economic Development</b> (note that this incorporated the previous item 'NECA's economic initiatives')	Vince Taylor	19 March 2020
<b>Local Industrial Strategy</b>	H Golightly – NELEP	19 March 2020
<b>Strategic Economic Plan Yearly update/ LEP performance</b>	H Golightly – NELEP	19 March 2020
<b>Contract commissioning</b> – assurance that significant NECA projects have appropriate contractual and project management controls to minimise risk of project overruns and delays	Paul Darby	25 June 2020
Fair Funding	John Hewitt – NECA Chief Finance Office	TBC
<b>Shared prosperity fund -</b>	TBC	TBC



## Overview and Scrutiny Committee

Clarity of information from the Government with regards to any continuity or replacement of the Shared Prosperity Fund once the UK has left the European Union and how this would impact on the funding of the Local Industrial Strategy		
<b>Digital Connectivity Update</b>	Thematic Lead (Cllr G Miller) or appropriate Deputy – to be confirmed	TBC
<b>Barriers to employment</b> -Mental health provision impacting employment and accessibility.	TBC	TBC
<b>Impact of Brexit on the North East</b>	TBC	TBC
<b>Environmental Plan and the impact on the region</b>	TBC	TBC