

# North East Local Enterprise Partnership Board



Thursday 27 July 2017

17.00 – 19.00

Venue: The Lake Room, Quadrus Centre, Boldon  
Business Park, Boldon NE35 9PF

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Minutes of the last Board Meeting held on Thursday 25 May 2017** (5.05pm)  
The Board will be asked to agree the Minutes.
3. **Great Exhibition of the North** – (5.10pm)  
Carol Bell to present to the Board
4. **Delivery Plan** – Paper attached (5.30pm)  
Helen Golightly to present to the Board.
5. **Strategy Pieces** (5.50pm)  
Richard Baker to present to the Board.
  - (i) **Next steps with the Strategic Economic Plan communications and evidence.** Paper attached.
  - (ii) **Shaping the Economic Policy Environment.** Paper attached.
  - (iii) **Brexit and the North East.** Paper attached.
6. **CONFIDENTIAL ITEM** (6.10pm)
  - (i) **Funding Update** – Paper attached
  - (ii) **Enterprise Zone Update** – Paper attachedHelen Golightly and Paul Woods 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. **Future North East Economic Growth Investment** – Paper attached (6.25pm)  
Helen Golightly to present to the Board.

**THIS IS NOT A PUBLIC MEETING**

8. **North East LEP Funding and Investment Governance** – Paper attached (6.35pm)

Helen Golightly to present to the Board.

9. **Setting up a company limited by guarantee** – Paper attached (6.45pm)

Helen Golightly to present to the Board.

10. **North of Tyne Devolution** – Verbal update (6.55pm)

Patrick Melia to update the Board.

11. **Any Other Business**

12. **Date and Time of next meeting – Thursday 28<sup>th</sup> September 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>

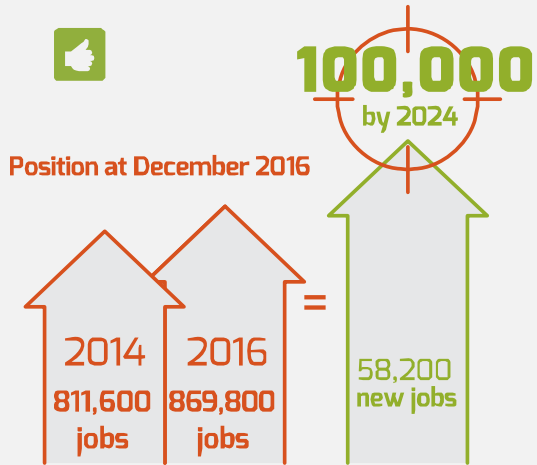
# North East Strategic Economic Plan Programme Delivery update

July 2017

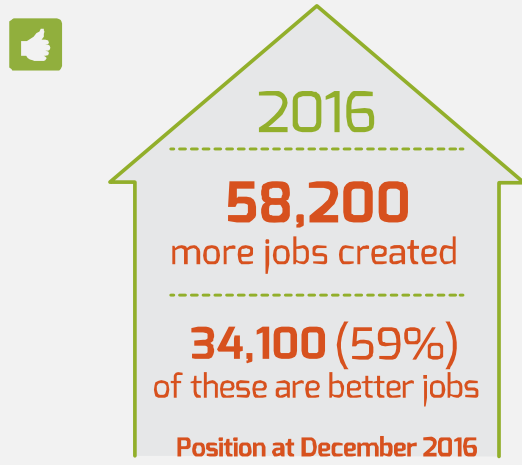


# Performance against Strategic Economic Plan targets since 2014 (Last updated July 2017)

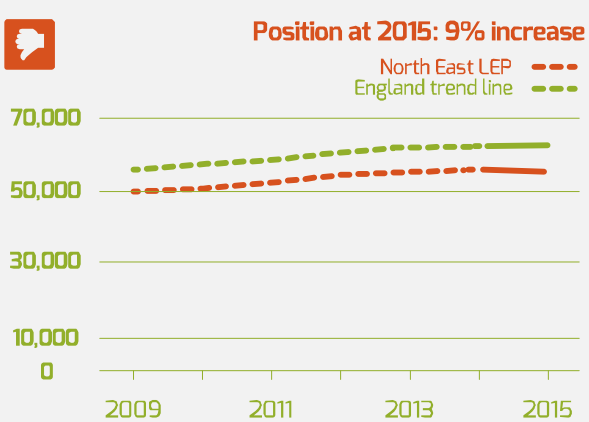
**Target** Increase the number of jobs in the North East economy by 100,000 by 2024



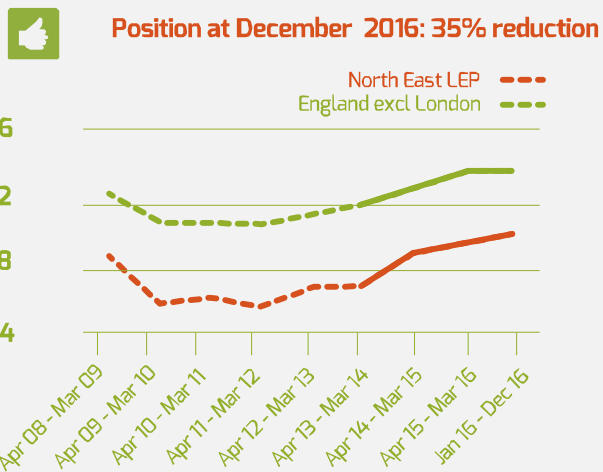
**Target** 60% of all jobs created from 2014 will be better jobs



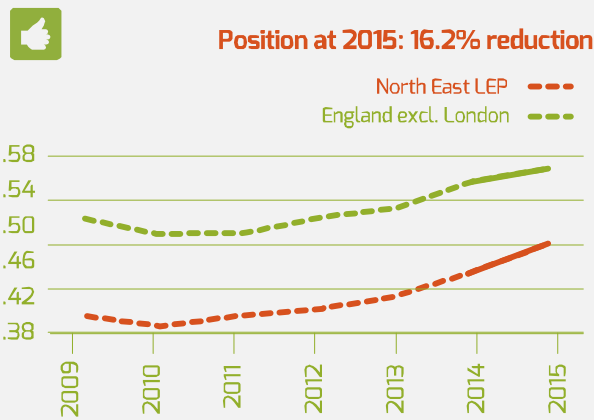
**Reduce the gap in GVA per full time equivalent**  
**Target** 50% reduction in gap by 2024



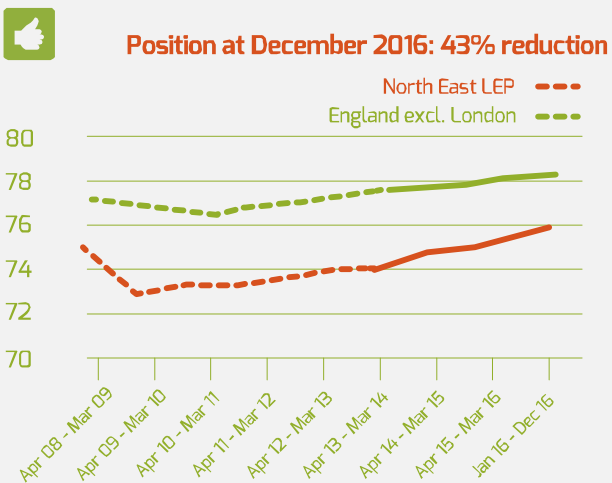
**Close the gap in the employment rate for people aged 16-64**  
**Target** 100% reduction in gap by 2024



**Reduce the gap in private sector employment density**  
**Target** 50% reduction in gap by 2024



**Reduce the gap in economic activity for people aged 16-64**  
**Target** 50% reduction in gap by 2024



# 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
<b>Ecosystem development – provide business support, expertise, share knowledge and increase partnership learning</b>				
<b>Set up and deliver the Innovation Observatory project</b>	Durham University was awarded the Innovation Observatory project and a MoU developed. Funding challenges have delayed the progress; however Durham has now appointed a Phd student to support the project which is being actively supported by the other universities. Work on developing the Innovation Dashboard and understanding the innovation ecosystem in the North East as now started.	<p>Long-term funding is still to be confirmed although university lead is progressing.</p> <p>Information developed is not shared or not shared in a way which meets business need.</p>	Hans Moller with Durham Uni	A
<b>Set up a programme to support the development of a stronger network of incubators and innovation hubs</b>	The Super-Network programme is running. The project is ERDF funded and aims to bring together different networks. An application to extend this has been submitted. A project using LGF funding has been developed for incubator support to engage and support partner incubator development potential links to ERDF funding to expand this are being investigated.	<p>Funding is not secured after the initial 3 year funding period for the Super Network although an application has been submitted.</p> <p>SuperNetwork is not adequately embedded in other activities.</p>	Hans Moller	A
<b>Communicate the proof of concept funding landscape to business</b>	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. LEP is undertaking discussions with fund managers for additional engagement.	<p>The funds fail to deliver against a shared understanding of innovation projects.</p> <p>Project pipeline is not strong enough to support the level of investment available.</p>	Hans Moller	G
<b>Established North East Innovation Leadership</b>	The LEP Innovation Board update has been approved to be implemented from September 2017. This will be designed to be better linked to delivery by establishing a Programme Delivery Board to oversee and drive delivery and a Strategic Steering group to consider longer-term direction and consider new innovation ideas.	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
<b>Secure support for relevant national Science and Innovation Audits</b>	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. Final versions have recently been submitted to government. 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

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Build a strong collaborative relationship with InnovateUK, UK Research and Innovation and across the Catapult Network</b>	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 following a Catapult Chief Executives meeting.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Hans Moller	G
<b>Innovation Infrastructure – Projects and Programmes for Innovation</b>				
<b>Support the delivery of key innovation projects as set out in the SEP</b>	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. A proposal to support project development has been submitted to draw on LGF funding.	Projects are delivered without meeting the Innovation Programme strategic objectives.	Hans Moller	G
<b>Establish at least one test bed facility</b>	The LEP continues to support the preparation of the 5G test bed proposition. The application for development funding has been submitted which will enable full project development to take place with appropriate resources appointed through the North East BIC working with local partners.	Government do not back this.	Hans Moller	G
<b>Set out long term North East Innovation Infrastructure needs</b>	This work is being scoped.		Hans Moller	G
<b>Smart Specialisation – Focus on four key sectors</b>				
<b>Produce four Smart Specialisation strategies</b>	The Digital/Data and Health and Life Science strategies have been completed. The appointment of a lead for Health and Life science has been made to lead this area of work. The Subsea and Offshore working group has been re-established to take this forward aligned with the Science and Innovation Audit work. The parameters for a new strategy are to be agreed at the meeting in September. Following discussions with a range of local partners the LEP will establish a new advanced manufacturing working group in autumn to lead the work.	All strategies are not completed or do not bring together the right sector lead partners.	Hans Moller	A
<b>Establish the Data for Growth project</b>	The Data for Growth report was agreed at the December Innovation Board meeting. Delivery is embedded in the 2017/18 work programme with key milestones available with proposals to develop the key direction in autumn.	Lack of clear lead partnership to deliver against Data for Growth delays progress.	Hans Moller	A
<b>Establish a challenge approach for the Health Quest North East project</b>	The Health Quest North East Project has been developed as a proposal due to the lack of funding available it has been agreed to approach the aspiration through alternative approaches. It has been included within a wider ERDF application and alternative approaches which would achieve a similar aim have been developed to overcome the lack of funding available for the established model.	Funding for project is not secured.	Hans Moller	R

# Business Growth 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
<b>Scale Up North East – more high growth businesses will help us to secure economic resilience and increase private sector employment</b>				
<b>Develop the Scale Up North East programme to include the four elements below</b>	<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"> <li>• David Harrison, True Potential.</li> <li>• Steve Irish, Hyperdrive Innovation</li> <li>• Stephen Kelly, Sage</li> <li>• Jacqui Miller-Charlton Miller International</li> </ul> <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
<b>(1) Inspire leaders by encouraging and facilitating peer mentoring and introduction</b>	<p>'Growth through Mentoring' has made 8 placements. The 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 38 companies, with 20 interventions completed. Of these completed interventions, 88 new jobs are forecast to be created of which 61% are better jobs and turnover growth is forecast at £14.9m. £4.3m increase in GVA is forecast from these 20 companies. There is strong evidence of the need to focus on developing leadership and strategic management skills. This is informing the Scale Up North East initiative.</p> <p>The 'Captured Programme' is now underway with Newcastle University Business School. Four of the six cohorts are complete. Two cohorts are still active. Twenty seven small businesses are involved to date.</p>	Attracting quality mentors and recruiting suitable mentees.	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>(2 ) Work to maximise Access to Finance in the North East</b></p>	<p>Next step is to establish 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>North East Fund: Current position. The Project Team and Project Board have proceeded to the point where the final contractual documents require signature from EIB. Whilst discussion between HMG and EIB was delayed due to the General Election, discussions are now taking place.</p> <p>In a recent statement, President of the EIB Werner Hoyer, confirmed the Bank's desire to press on with a range of UK projects including The North East Fund. Currently EIB officials are in discussion with HMT to formalise the various assurances given by Chancellor Philip Hammond in the aftermath of the Referendum in June 2016 and more recently in his Mansion House speech, when he said that "I am engaged with the EIB and will provide the assurances it needs to sustain the flow of EIB and EIF funding to UK businesses and projects". Therefore we remain confident that progress in securing the EIB investment in the North East Fund will be achieved over the summer.</p> <p>The LEP has held a number of workshops to raise awareness of the Rural Development Programme for England Rural Growth Programme managed by the Rural Payments Agency through which capital funding is available to business projects that impact rural growth.</p> <p>The Rural Growth Network is performing well, providing capital grant funding for rural business growth.</p>	<p>Brexit and the General Election could impact on launch and delivery timescale of the North East Fund.</p> <p>Failure for partners to allocate the Rural Growth Programme funding available within the relatively short timeframe.</p>	Colin Bell	A
<p><b>(3) Encourage the adoption of digital technology</b></p>	<p>Digital adoption has been embedded as a theme in the Growth Hub Live events series and content strategy.</p> <p>The Growth through Mentoring Programme has recruited four high quality mentors with strong digital adoption experience. A number of companies participating in the Manufacturing Growth Programme have benefitted from advice on digital adoption and growth.</p> <p>Specialist digital technology support is being incorporated into the Scaleup North East project.</p> <p>John Barnett is now the Adoption of Digital Technology Champion on Business Growth Board.</p>	Challenges in recruiting high profile business leaders to engage in activity.	Colin Bell	G
<p><b>(4) Support business growth focused on the smart specialisation areas</b></p>	<p>Work with the Smart Specialisation working groups to develop plans for each area of opportunity.</p> <p>Incorporate recommendations, where possible, into our Scale Up North East proposal to BEIS and ERDF.</p>	Dependent on the success of the Smart Specialisation working groups.	Colin Bell	G
<p><b>Continuously improve the North East Growth Hub</b></p>	<p>The Growth Hub digital platform is performing strongly. There were 1127 referrals during May and June, an 8% increase month on month. Traffic to the Growth Hub website has increase 2% month on month to the end of June. Providers are continuing to tell us that they have recognised increased demand and that the majority of leads are converting. This is clear evidence that the revised platform, our and content-led approach an active PR strategy are working to increase traffic, referrals and other use of the platform.</p>	Businesses fail to maximise the use of the Growth Hub.	Colin Bell	G



SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Growth Hub – A single access point for business information, advice and financial support</b>				
<b>Encourage the Business Support Providers' Network to collaborate and offer seamless support</b>	<p>Latest network meeting took place 10<sup>th</sup> 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>Given that the business support provider network is heavily reliant on EU funding, we are beginning to engage 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. The next provider meeting on 25<sup>th</sup> July will inform this work, focusing on the impact of Brexit and held in collaboration with FSB's national policy team.</p>	<p>Post-Brexit, the demise of EU funding will impact on business support provider services.</p>	Colin Bell	R
<b>Provide simplified access to business support.</b>	<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>Work continues to strengthen key areas of growth hub content notably export, with other areas of content are in development.</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. Our Growth Hub reporting reflects our high, medium and low intensity interactions with businesses in the North East and the number of scale up businesses engaged.</p>	<p>Post-Brexit exposure and reliance on public subsidy for provision. Decision making delays for ERDF is beyond the LEP's control. Lack of engagement of partners and individuals to act as ambassadors for Scaleup North East.</p>	Colin Bell	A
<b>Strengthening flows of inward investment – driving growth and employment</b>				
<b>INEE to build the strength, profile and coherence of the North East's inward investment offer</b>	<p>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> <p>The INEE Team is developing a new set of marketing collateral which will be used to promote the North East as an investment location to companies in the five key target sectors.</p>	<p>There are three main risks associated with all elements of the inward investment programme:</p> <ul style="list-style-type: none"> <li>• Impact of Brexit on ability to attract new FDI</li> <li>• 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).</li> <li>• Election and impact on Northern Powerhouse/DIT</li> </ul>	Guy Currey	G
<b>Develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains</b>	<p>Proactive lead generation work begun in March 2017. This work is focusing 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. To date the contract has provided some good leads which the INEE Team is following up.</p>	<p>There are three main risks associated with all elements of the inward investment programme:</p> <ul style="list-style-type: none"> <li>• Impact of Brexit on ability to attract new FDI</li> <li>• 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).</li> <li>• Election and impact on Northern Powerhouse/DIT</li> </ul>	Guy Currey	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Building our trade flows – increase export activity</b>				
<b>Stimulate greater awareness and demand for export</b>	Trade is embedded in the Growth Hub content and events plan. Strong collaboration continues with Department for International Trade (DIT) and Exporting is GREAT partners to inform content. Utilisation of DIT case studies across LEP social media and Growth Hub channels is raising awareness of growth through export. 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
<b>Provide an export business support offer</b>	Enhanced Growth Hub content pages are in development in liaison with Exporting is GREAT partners and DIT. Content is due to be finalised in September since the approach was approved by partners in June. DIT has been invited to join the Business Growth Board. The ERDF-funded export support programme managed delivered by North East World Wide continues to perform well.	Growth Hub content is delayed due to limited capacity of Exporting is GREAT partners.	Colin Bell	A
<b>Early response and managing change – rapid response to economic shocks</b>				
<b>Develop a response plan with partners</b>	Connections made with the Environment Agency to further the discussion and further partnership work to take place with local authority partners around resilience and business continuity management. The Business Growth Board will consider further requirements.	Effective coordination between partners is essential.	Colin Bell	G

# 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	Status
<b>North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.</b>				
<b>Support secondary schools and colleges who wish to adopt the benchmarks</b>	<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 Autumn 2017.</p> <p>Good Career guidance introduced as part of the Industrial Strategy.</p> <p>In June pilot schools and colleges had the opportunity to showcase their achievements and the impact on whole school with DfE, Lord Sainsbury and Sir John Holman (author of the Good Career Guidance Benchmarks).</p> <p>With Gatsby's support the Career Guidance benchmarks are now moving from the pilot phase into full regional scale-up led by the LEP. There were 280 attendees at the July 2017 North East Ambition event announcing the roll-out of the benchmarks, to all secondary schools. A further event will held at the beginning of the Autumn term providing resource, opportunities and guidance for those participating schools.</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
<b>Ensure all secondary schools have access to Enterprise Advisers</b>	<p>110 Enterprise Advisers recruited at Tier 1 and Tier 2. Recruitment campaign continues to target under-represented sectors but very good take up recently from digital and professional services sector</p> <p>Target of 70 matched schools with EA's achieved in July 2017.</p> <p>Enterprise Co-ordinator team working to encourage more rapid take-up by schools and to support those schools adopting the career benchmarks from September 2017.</p>	Changes in government and policy may mean a change to the funded element of the programme	Michelle Rainbow	G
<b>Develop and deliver the Pupil Mentoring programme</b>	<p>Mentoring is particularly effective where students need extra support and evidence demonstrates that where mentors have been able to work with young people GCSE results improve, NEET figures improve and student behaviour and attendance improves. For schools to achieve a benchmark each and every student has to be engaged. The mentoring programmes are available to support schools with this. RTC North and Young Enterprise are co-ordinating their delivery activities across the region with input from local authorities, EAs and other support organisations. The ChangeNow programme working specifically with SEND students is now underway partnering with Leonard Cheshire Disability organisation to ensure that 'each and every' student has the opportunity for meaningful encounters of employment and work experience.</p>	The foundations are now in place for a further roll-out in Autumn 2017. Schools signed up and full delivery will take place from the start of the Autumn term.	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Develop and roll out a pilot Primary Schools Benchmark programme</b>	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. Meetings are scheduled throughout the summer with various education foundations, trusts and charities to seek a primary funder.	A lack of funding may mean the benchmarks do not commence in September 2017	Michelle Rainbow	A

**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.

<b>Encourage more and higher level apprenticeships with a key sector focus</b>	<p>Apprenticeship Growth Partnership meetings continue with a new Chair for the group. Focus of the AGP is :-</p> <ul style="list-style-type: none"> <li>- To assess the impact of changes to the delivery of apprenticeships on employers</li> <li>- To promote Higher and Degree level apprenticeships with employers</li> <li>- To promote the benefits of apprenticeships to employers</li> </ul> <p>SFA funding was secured to :-</p> <ul style="list-style-type: none"> <li>- support local authorities in the delivery apprenticeship events to communicate to businesses about apprenticeship reforms.</li> <li>- To provide evidence about the impact of current IAG regarding apprenticeships with young people</li> <li>- To create a 'hub' as part of the Growth Hub that provides employers with information about the apprenticeship reforms, including the levy, standards and processed.</li> </ul> <p>The LEP is supporting the national campaign to raise awareness and promote apprenticeships to employers, young people, schools and parents.</p>	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
<b>Promote higher skills</b>	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 and construction to date.		Michelle Rainbow	G
<b>Develop an approach to spousal support</b>	This is part of an overall strategy for inward investment and development is on-going		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Higher Education</b> - 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.				
<b>Support universities spin-outs and start ups</b>	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
<b>Support universities to retain graduate talent in the North East</b>	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.  Discussions underway with Universities UK regarding the career benchmarks and university career guidance. Proposal for a pilot / joint working submitted.		Michelle Rainbow	G
<b>Support universities to develop knowledge transfer partnerships</b>	Working with the Business Growth and Innovation Programmes to understand how the universities and their R & D can support economic growth and benefit businesses and wider communities in the North East.		Michelle Rainbow	G
<b>Education Challenge</b> - 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.				
<b>Develop and deliver an Education Challenge programme</b>	<p><b>Governance</b></p> <p>Communications campaign planned for Autumn 2017 term to raise the profile and showcase case studies of good practice in school governance.</p> <p>Working in partnership with Academy Ambassadors to recruit business leaders to join the boards of Academies . Establishing a strong board of directors for every academy trust is central to ensuring the North East has strong trusts able to deliver good quality education for our young people.</p> <p>The LEP will continue to engage DfE with regard to the announcement of the 75million Teaching and Leadership Innovation Fund, part of which includes National Professional Qualifications for school leaders</p> <p><b>Placement opportunities for teachers and lecturers</b> - 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>Through the LEP Network we are part of a national working party with DfE</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

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>50+ Workforce – retrain, regain, retain</b> - To reduce inactivity levels in our older population by helping to develop their skills and make in-work transitions as the labour market changes.				
<b>Develop a Fuller Working Lives (FWL) strategy</b>	We have considered the FWL report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East and have commenced the development of a North East Fuller Working Lives Strategy.		Michelle Rainbow	G
<b>Understand and provide focus on work force skills for the older workforce to maintain their position within the labour market as skills' needs change.</b>	<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, Sage and Newcastle University have offered to host the event.</p>		Michelle Rainbow	G

# Employability and inclusion | 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	Status
Fit and well for work - support people with health conditions to find and maintain employment				
<b>Support primary care professionals in helping people access support to get them back into work</b>	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. 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. At a local ESIF sub-Committee meeting on 11 <sup>th</sup> July, DWP announced that it is likely this call will be launched within the next 2 weeks (before summer recess).	Partners do not embrace and take forward.  Call launch is further delayed by Government	7 LA Chief Executives Michelle Rainbow	A
<b>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.</b>	In the Mental Health Trailblazer the first six months of delivery were positive and indicated a strong demand. This dipped at the end of Q2 but actions taken to address this has improved performance. The project is taking referrals from both JCP and mental health services. At end of Q2, 94 participants are recorded and 14 job outcomes County Durham is performing particularly well, reflecting an earlier start to the programme and strong engagement by both JCP and IAPT (Increasing Access to Psychological Therapies).	The delays from DWP in allowing the programme to launch is still having an impact on underspend and performance, but should be corrected by project variance and extension.	Northumberland County Council	G
<b>Work with employers to improve take up of the Better Health at Work Award Scheme.</b>	Development of project in initial stages. A review of alternative provision / awards is being undertaken to avoid duplication .		Michelle Rainbow	G
<b>Continue to address the importance of in work progression and job equality</b>	A number of ESF calls have been drafted by local partners and are expected to be launched by DWP before the summer recess. These calls focus on up-skilling and re-skilling those in work to aid job progression – with a particular focus on disadvantaged groups. The calls are focussed in the following areas:  Digital Skills – £20m ESF call Health & Social Care Skills - £5m ESF call North East Ambition - £3m framework call + £3m skills development ESF call	Call launch date is further delayed by Government	Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Youth Employment - develop pathways for the most vulnerable and disadvantaged young people to help them move into education, training and employment</b>				
<b>Create and scaleup initiatives that adopt innovative and agile approaches to meeting local needs</b>	Generation North east has been operational since July 2014 and the programme has supported 3520 young people of which 1600 have moved into employment to date; 914 of those gaining employment have now sustained employment (6 months or more). Delivery now extends across the full NECA / LEP geography and the service is being positively received by JCP with over 423 young people further referred to date. A digital service has been launched to complement the support through Generation NE, testing innovative approaches in mock interviews, support with Cvs and remote working through Google Docs	Application for any suitable future calls for projects through ESF will be considered as a means to extend the programme. The call is expected summer 2017.	Michelle Rainbow	G
<b>Deliver the Durham Works project</b>	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. As at end June 2017, there were 2485 verified participants which is on profile for the overall project.  Evaluation is underway and the preliminary report is due in July 2017.	Risk of not securing future ESF funding	Durham County Council	G
<b>Ensure young people have the access to support and skills required to progress employment.</b>	Newcastle College Group secured funding from ESFA / ESF for this project. The project commenced delivery in late 2016 and runs to July 2018 with the aim of supporting 1300 young people who are NEET or at risk of becoming NEET. There are particular concerns regarding complementarity of service delivery against the Durham Works Youth Employment Initiative in Durham area which is being carefully monitored by the ESFA and local partners.  The LEP held a Provider Network meeting on 23rd May to help the 11 ESFA funded employment providers collaborate and work together to provide the best service and employment outcomes for its clients, including young people. Local partners offered to support the group by socialising and promoting their offer, subject to that their collective offer is clear and coherent to businesses, clients and referral agencies. We are awaiting their response to this request. Next meeting is on 5 <sup>th</sup> September 2017 Work is on-going to secure future funding for employment services for young people	Collaboration across service providers is voluntary. The service contracts awarded by ESFA 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.	Michelle Rainbow	A
<b>50+ workforce retrain, regain, retain - Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work</b>				
<b>Develop and implement a 50+ workforce strategy in partnership with key stakeholders.</b>	Development of project in initial stages. As described in the Skills section of this report, the challenge is Retain, Regain and Retrain. The first stage, Retain, will involve working with employers to 'retain' their existing older workforce. Regain – a pilot will commence with the National Careers Services and DWP in Autumn 2017 Retrain – a number of the ESF projects have older clients as a focus in their provision.		Michelle Rainbow	G



SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Active inclusion</b> – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.				
<b>Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.</b>	Gateshead Council has been awarded ESF / ESFA 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 ESFA to extend their project, to post July 2018 but this is not yet confirmed. 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, the leads for these contracts form part of the Provider Network Group and as such are working toward producing a guide that is clear and coherent to businesses, clients and referral agencies. We are awaiting their response to this request. Next meeting is on 5 <sup>th</sup> September 2017	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
<b>Provide targeted support to those with protected characteristics.</b>	Call has been drafted and was considered at the ESIF Committee meeting on the 16th May. The call is anticipated for summer 2017	Call is not launched as anticipated leading to delays in delivery.	Michelle Rainbow	A
<b>Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.</b>	Development of project in initial stages.		Michelle Rainbow	A
<b>Adopt a community-led local development approach within our communities suffering from significant deprivation.</b>	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.	Projects are progressing as planned.	7 Local Authorities Chief Executives	G

# Economic assets and infrastructure Programme | Lead: Helen Golightly

## Goal

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
<b>Develop Local Plans which support North East economic ambitions</b>				
<b>Develop 7 local authority statutory Local Plans</b>	<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><b>Local Plans adopted to date:</b></p> <ul style="list-style-type: none"> <li>Newcastle and Gateshead joint core strategy adopted</li> <li>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.</li> </ul> <p><b>Local Plans in development are:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Sunderland and South Tyneside are working through the plan preparation process</li> <li>At its Council meeting on 5 July 2017, Northumberland County Council agreed to formally withdraw the Northumberland Local Plan Core Strategy from the independent examination process.</li> </ul>		7 LA Chief Executives	A
<b>Securing investment – to deliver strategic employment and housing sites</b>				
<b>Develop a robust pipeline of sites for business development and housing investment</b>	<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
<b>Secure businesses on the phase one and phase two Enterprise Zone (EZ) sites</b>	<ul style="list-style-type: none"> <li>Work on round 1 EZ sites is progressing.</li> <li>Round 2 sites were launched in April 2017 except the IAMP which is 2018.</li> <li>The EZ financial modelling for rounds 1 and 2 has been updated and has been externally tested by Cushman and Wakefield, this has resulted in greater consistency in the assumptions about business rateable values; a more realistic approach to the assumptions about the pace of additional income from new development; and has enabled income figures to be verified. Cushman and Wakefield have also confirmed a broadly positive picture for the market for the types of properties proposed to be built on the Enterprise Zone sites in the North East.</li> <li>A revised investment model using business rate income has been developed to inform local agreements.</li> </ul>		Helen Golightly	G

SEP Action	Progress/ current position	High level risks	Lead	Status
Collaborative development of spatial planning framework for the North East, supporting the SEP				
<b>Publish a North East Development Framework</b>	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. Further work is ongoing through the LA7 Housing and Planning group.		7 LA Chief Executives	<b>G</b>
<b>Explore a collaborative approach to strategic mitigation to deliver the mitigation hierarchy set out the National Planning Policy Framework</b>	The LA7 Housing and Planning group are assessing a collaborative approach.		7 LA Chief Executives	<b>A</b>

# Transport and connectivity Programme | Lead: Helen Mathews

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>North East Transport Delivery</b>				
<b>Deliver transport LGF schemes</b>	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	G
<b>Continue to roll out flexible public transport ticketing</b>	<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. This will allow 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. This is now likely to be in partnership with the major Bus operators, although the terms of engagement are yet to be agreed.</p> <p>ITSO (the National Standards body for Smart Ticketing) is seeking to support a Host Card Emulation (your phone becomes your POP Card) trial on Tyne and Wear Metro, with a view for trials to commence in November. Engagement with their technology partner has commenced</p> <p>The first of a series of upgrades to the software on the Ticket Vending Machine fleet has been successfully deployed. This enables Gold Card customers to buy "part year" products to coincide with the expiry of their Concessionary Travel (ENCTS) card and also changes the information printed on receipts to eliminate an identified fraud risk.</p>		Tobyn Hughes	G
<b>Continue joint management working of our transport system</b>	<p><b>North East Rail Management Unit</b></p> <p>The period 3 Officer Steering Group took place on the 21st June. The meeting primarily covered:</p> <ul style="list-style-type: none"> <li>&gt; updating partners on and subsequently agreeing RAG status regarding the 2017/18 Business Plan</li> <li>&gt; an update from Network Rail regarding progress on both the East Coast (ECRS) &amp; North of England Route studies - draft version of ECRS are expected in late summer with a 3 month consultation period to follow.</li> <li>&gt; updates to local authority reps on wider rail workstreams (Northern Powerhouse Rail, Initial Integrated Rail Report) - including a discussion on the Durham Coast Route Study draft proposal.             <ul style="list-style-type: none"> <li>&gt; agreeing a project update form template and receiving project updates from LA partners.</li> <li>&gt; a discussion concerning NERMU partners views, aspirations and priorities concerning both the Northern and TPE May 2018 Timetable proposals, prior to the NERMU/NECA consultation responses being drafted.</li> </ul> </li> </ul> <p><b>Infrastructure update</b></p> <p>The Trans-Pennine Route Upgrade (TRU) would be the biggest investment project in the Rail North area, and the biggest</p>		Helen Mathews	G

enhancement scheme benefiting our 2 franchises. Network Rail is currently undertaking the 'GRIP 3' development work which will be completed (as planned) in December 2017. The key outputs/outcomes which the scheme should deliver include a 40-minute journey time target between Leeds and Manchester with 1 stop (Huddersfield) and a 62-minute journey time between Manchester and York with 2 stops (Huddersfield and Leeds). So although no physical works are planned in the North East the improvements will benefit journey times to TPE services. There is also a requirement for consideration to be given to a freight path every hour across the Pennines.

North of England Programme: The remainder of the North of England Programme is focussed around electrification schemes in the North West as well as the Ordsall Chord, Hope Valley, Calder Valley and Liverpool Lime Street schemes. The programme is largely funded in CP5 although some schemes have slipped beyond the CP5 period. A combination of delays to North West schemes and delays to Great Western Electrification (which delays the cascade of diesel units to Northern) has meant that the original December 2017 timetable uplift is now phased over December 2017 and May 2018. All the original passenger outputs will still be delivered albeit slightly later and some with diesel rolling stock rather than the originally intended electric stock.

**TfN Integration**

The proposal being progressed is to subsume Rail North into TfN when it becomes a Sub-National Transport Body. Rail North Association and Board will be replaced by a Rail North Committee and Sub Committee structure. NERMU will become a Rail North Area (NE) sub Committee.

**Develop and expand the Urban Traffic Management and Control Centre (UTMC)**

Bid submitted to National Productivity Investment fund for UTMC enhancements as one of nine bids submitted by the region. Responses expected in the autumn.

UTMC team

G

**Identify and begin to deliver strategic schemes to enhance connectivity**

Heads of Transport developed a strategic project pipeline and project sponsors developing projects as appropriate.

Helen Mathews with local authority Heads of Transport

G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Identify and begin to deliver pinch point solutions</b>	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. Nine bids submitted on the 30 <sup>th</sup> of June for National Productivity Investment Fund competitive pot for 2018-19 onwards. Development of bids underway for Highways Maintenance Challenge fund future rounds. Announcement on previous round of Highways Maintenance Challenge Fund expected before Parliamentary recess.	Election delayed funding announcement for successful schemes submitted for Highway Maintenance Challenge fund and guidance for future rounds of this fund	Helen Mathews with local authority Heads of Transport	G
<b>Identify and begin to deliver a long term project pipeline</b>	Commenced planning to develop an approach to progress a pipeline. Approach to be discussed with Heads of Transport, Economic Directors and the LEP. Meetings held with all LAs and comprehensive Transport Pipeline to be reported to LEP in August.		Helen Mathews	G
<b>Transport Innovation</b>				
<b>Commission the Go Ultra Low Cities Programme</b>	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. Feasibility study has been commissioned to identify most appropriate sites for rapid charging hubs. Project slightly behind programme but contingency in timescales later in the year. Progress to identify approach to tendering for EV management and maintenance contract continues		Helen Mathews	A
<b>Regional Transport Planning</b>				
<b>Develop and agree a Regional Transport Plan</b>	Briefings held with Economic Directors and TNEC. Further engagement will be held over the summer with a update on timescales reported in the autumn	Agreement at CEx to revise the timeline for the development of the Transport Plan	Helen Mathews	A
<b>Strengthen the alignment between the transport plan and the planning process</b>	Local Transport Plan to be consulted on with Heads of Planning		Helen Mathews	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Explore opportunities presented to us in new legislation</b>	Nexus is working with local partners to develop a Bus Strategy for the NECA area. Engagement has commenced with bus operators, who have formed a new Association, with a view to establishing a Bus Partnership The NECA Bus Strategy will be prepared in draft and subject to consultation at the same time as the NECA Transport Plan The new Bus Services Act 2017(the Act) offers further opportunities for delivering the emerging NECA Bus Strategy. These will be better understood when the Government publishes regulations and guidance on how to use the Act. Publication is intended for September, subject to Government/Ministerial approval		Tobyn Hughes	A
<b>Develop transport investment programme</b>	TBC		Helen Mathews	TBC
<b>Identify opportunities for improved freight infrastructure</b>	Freight partnership continues, work programme for the year to be agreed by the partnerships. An enhanced Freight and Logistics Report has just been completed by Arups for TfN, North east officers involved in development of the work.		Helen Mathews	G
<b>Improve transport proposals to employment sites (by 2020)</b>	TBC		TBC	TBC
<b>Implement an enhanced public transport offer (by 2020)</b>	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. Approval at BICC in June was deferred to BICC in July to allow more work on PFI/PPP options to be carried out.		Tobyn Hughes	G
<b>National and international connectivity</b>				
<b>Develop an initiative to support air, sea and rail transport hubs</b>	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. NECA feedback into the Energy Coast study being undertaken by TfN and road schemes to be submitted as part of the RIS process. Locally work to commence on pipeline of schemes to feed into future opportunities which may come forward as part of the Transport Investment Fund for roads.		Helen Mathews	G
<b>Make our region HS2 ready</b>	It was agreed at TNEC that a report would be commissioned into High Speed station and route options for the region. Budget to be identified to support this work		Helen Mathews	A

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Enhance east-west road and rail connectivity</b>	<p>The brief for the Energy Coast Development Corridor has been agreed by partners and is currently out to tender through the Transport for Greater Manchester framework. Tender responses are expected by the end of July and a consultant will be appointed in late August. One of the first pieces of work for the consultant will be to prepare a stakeholder engagement plan, which will set out how local partners, including local authorities, are involved in the work.</p> <p>The key issue for this corridor is understanding the scope of the work and ensuring that overlap with existing studies, such as the North Trans-Pennine study, is limited while delivering benefits for the North East. .</p>	Ensure that the needs of the North East are adequately considered as part of the study	Helen Mathews	G
<b>Digital connectivity</b>				
<b>Map and influence superfast broad band coverage</b>	<p>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</p> <p>Through the Group, mapping of regional cyber-security capacity has also been completed and a plan is bring 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).</p>		Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
<b>Develop and begin delivery of 5G test-bed</b>	<ul style="list-style-type: none"> <li>Outline concept for the Test Bed articulated and socialised with regional and national partners in the context of UK 5G strategy</li> <li>NE activity on 5G in the National Infrastructure Commission Report</li> <li>Stage 1 MOU signed on 11<sup>th</sup> 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</li> <li>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</li> <li>Plan to deliver a 5G component of the Great Exhibition of the North to be in place by January 2018</li> </ul>	<ul style="list-style-type: none"> <li>Change of UK level policy direction</li> <li>Failure to prepare sufficiently compelling business case in content of UK competition</li> <li>Regional stakeholder management issues</li> <li>Capacity constraints</li> </ul>	Lead – TBC  Steering Group R.Baker H.Moller D.Bartlett C.Crawford P.Jackman D.Dunn T.Hardwick	G
<b>Explore the potential to develop fibre-optic connectivity to Europe</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The plan awaits investment and customer demand, but permissions are in place</li> </ul>	<ul style="list-style-type: none"> <li>Market demand</li> </ul>	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
<b>Strategic Economic Plan development</b>				
<b>Review SEP refresh process</b>	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
<b>Delivery of comprehensive SEP communications plan</b>	Comprehensive plan in place, which includes standardisation of messaging, video animation of key SEP message and a refresh of the 'Smart Spec' brochures		Richard Baker	G
<b>Develop and implement evaluation framework</b>	Evaluation plan currently being developed to include review of key indicators, link to programme KPIs and agreement of evaluation process		Richard Baker	G
<b>Economic information and commentary</b>				
<b>Produce and promote annual 'state of the region' economic report</b>	Scoping of document currently underway to include structure, content, resource requirements and timings		Richard Baker	G
<b>External economic commentary</b>	Calendar of economic commentary linked to national data releases has been developed and is being implemented		Richard Baker	G
<b>Improve economic evidence availability</b>	Review of current and potential external data sources underway. Updated slide-sets for each SEP programme under development – Skills programme completed. Definition of economic evidence mechanism for Board and sub-Boards, and for partners newsletter under review		Richard Baker	G
<b>Research and evidence development plan</b>	Creation of 'pipeline' of potential research projects (linked to gaps in evidence) in development alongside links to key partners to support future research		Richard Baker	G
<b>Informing economic policy nationally and regionally</b>				
<b>Manage key LEP policy contacts in Government and strengthen influencing position</b>	Mapping LEP engagement activities complete, continuing to manage contacts with Government, delivery agencies and research bodies On-going support on engagement with key policy processes including Industrial strategy, devolution deals and Northern Powerhouse		Richard Baker	G
<b>Improving the regional economic evidence co-ordination and engagement</b>				
<b>Build engagement with key research and evidence partners</b>	On-going relationship building with key regional, national and international evidence bodies inc Bank of England; NECC; CBI; Universities; ONS; OECD Planning activity to initiate Economic Evidence Forum yet to be started, which will develop collaborative approach to 'pipeline' of research to lead policy or fill knowledge gaps		Richard Baker	G

Local Growth Fund		North East Investment Fund		Enterprise Zone development	
<b>Total funding available</b>	<b>Capital grant funding £270m 2015-21</b>	<b>Total funding available</b>	<b>Capital loan funding £54m evergreen fund</b>	<b>Total funding available</b>	<b>£108m since launch. Including £3.65m of private investment since April 2016</b>
<b>Amount allocated</b>	Over £177 m fully approved or allocated to stage 1 projects £110m in pipeline development. Note: the allocated amount is down from last quarter as a result of the refresh exercise..	<b>Amount allocated</b>	£45m allocated. Over £65m invested through the programme to date with repayments underway. Approximately £8m available to invest.	<b>Amount allocated</b>	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.
<b>Projects supported</b>	38 major projects approved and a further circa 26 under the Rural Growth Network and Local Sustainable Transport Fund mini programmes.  The following projects are coming to this Board meeting for decision: Scale Up North East; Integra 61; Healthcare Photonics (implementation stage); Since the last Board, Smart Medicines packaging (study stage) and 5G Test bed bid development both approved under delegation.	<b>Projects supported</b>	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.  The West Chirton Industrial Estate project which is now fully let. Also work is close to completion at the Neptune EZ site on the innovative EDF/BAM Nuttal contract delivering gravity bases for the Offshore Wind Demonstrator at Blyth. This has linked Enterprise Zones in bringing together the facilities for the Demonstrator at Blyth.	<b>Projects supported</b>	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 finalising a review of these assumptions to ensure these are accurate tested with local authority colleagues. A legal agreement is being developed and a full implementation plan has been finalised.
<b>Issues</b>	There is a £25m of pipeline projected 2017/18 spend yet to be contracted of which £11.3m is on this agenda for approval. Information from Quarter 1 project monitoring returns is not available until August.	<b>Issues</b>	A marketing campaign is being framed to generate greater interest in the fund and a more sustainable pipeline of investment which fits the core funding criteria.	<b>Issues</b>	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.  To support development all sites (both rounds) have been asked for fuller performance monitoring information and a formal summary of the delivery plan.

# Communications Update – July 2017

## Social Media



Followers: 6,6,19 (+1.9% on last month)  
Reach: 102,529 (Impressions during June)



Followers: 2,035 (+ 0.9% on last month)  
Reach: 10,163 (Impressions during June)

### Benchmarking against top three LEPs on twitter

6,735

North East  
Local Enterprise Partnership

6,522

Greater Birmingham  
& Solihull  
Local Enterprise Partnership

6,513

Black Country LEP

6,246

Worcestershire  
Local Enterprise Partnership

Top Tweets continue to be those where we have referenced another organization, for example Durham Uni's strategy below

North East LEP @northeastlep  
@durham\_uni is a world leading University based here in the NE. Read more about its strategy for 2017-2027  
<http://bit.ly/2tcGmq>

Impressions	4,308
Total engagements	69
Link clicks	26
Likes	14
Detail expands	13
Retweets	9
Profile clicks	7

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

<p>North East Local Enterprise Partnership</p> <p>"Mentoring is essential when it comes to growing the economy" Here's why we're championing mentoring in the North East <a href="http://bit.ly/2qMkja3">http://bit.ly/2qMkja3</a></p> <p>(Update) by Katic C. July 06, 2017 10:19 am</p>	469	2.1%	4	6
<p>North East Local Enterprise Partnership</p> <p>Schools, colleges and businesses. let's work together to improve careers guidance in our region. Join us on 14 July for the launch of 'North East Ambition' <a href="http://bit.ly/2sWQSiG">http://bit.ly/2sWQSiG</a></p> <p>(Update) by Katic C. July 05, 2017 3:24 pm</p>	633	2.1%	11	-
<p>North East Local Enterprise Partnership</p> <p>A brilliant example of how businesses must act in the future: Hans Moller looks ahead to next week's #NWGINnovationFestival <a href="http://bit.ly/2tYOSea">http://bit.ly/2tYOSea</a></p> <p>(Update) by nicola m. July 07, 2017 12:33 pm</p>	1,439	1.7%	13	11

## Press Coverage – July 2017

No. Articles  
**45**

**Sentiment**  
Positive: 45.3%  
Neutral: 53.3%  
Negative: 1.3% (Losses at Durham Cricket Club)

### Priority actions for the next two months

**Action 1**  
Launch the new North East LEP website.

**Action 2**  
Review and refresh North East Growth Hub branding in line with new brand guidelines.

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

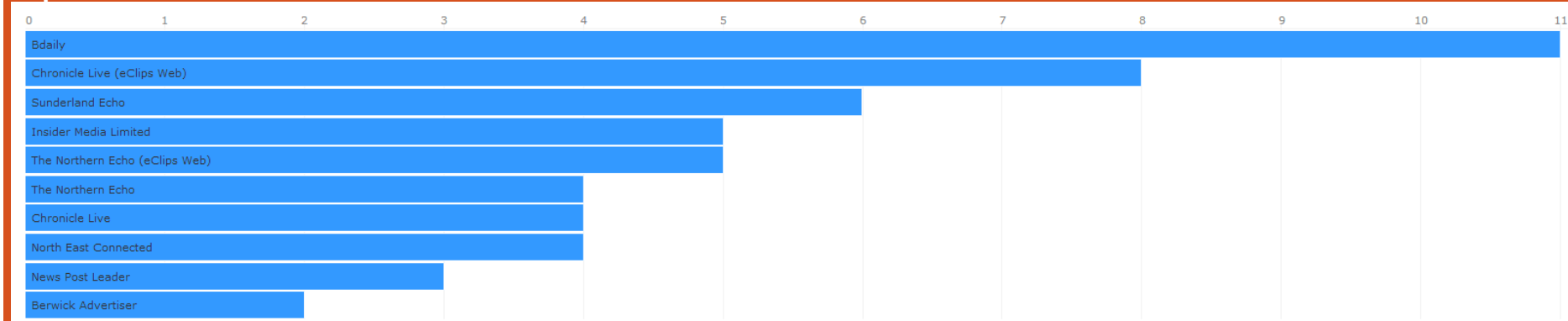
**Action 4**  
Manage team roles and responsibilities in light of the resignation of Katie Nicholson.

## Highlights

30 June: North East LEP Launches North East Ambition (bdaily)

28 June: NETPark expansion (Journal)

## Top sources



## Trending themes



## Upcoming events

24 July – Growth Hub Live Provider Network, in partnership with FSB

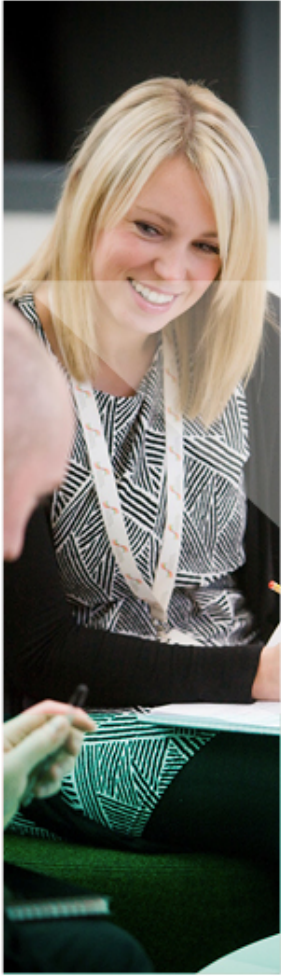
7 Sept – EEF annual dinner (headline sponsor)

15 Sept (TBC) – Growth Hub Live, focusing on 'accessing talent' with keynote speaker Chas Howes <https://www.jla.co.uk/conference-speakers/chas-howes>

27 Sept – North East Automotive Alliance annual dinner (headline sponsor)

28 Sept - North East Automotive Alliance expo (headline sponsor)

29 Sept – Entrepreneurs' Forum awards (headline sponsor)



# North East

Local Enterprise Partnership



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# North East Local Enterprise Partnership Board Report



**DATE: 27 July 2017**

## **ITEM 5 (i): Strategic Economic Plan: next steps for communications and evidence**

### **1.0 Background**

1.1 The Board has noted that:

- Publication of the refreshed Strategic Economic Plan in March offers a key opportunity to develop stronger and more consistent messages about the progress and priorities for the North East economy
- The benefit of continuing to ensure that the work of the LEP is underpinned by economic evidence.

1.2 This paper provides an update on action and a report on future plans in the following areas:

- Communicating and promoting the Strategic Economic Plan, and through it the North East economy
- Ongoing strengthening and diffusion of the economic evidence base in order to support thinking about North East economic development

1.3 A further paper on the agenda for this meeting aims to begin a discussion about strengthening our influencing around key economic priorities given the economic policy environment.

### **2.0 Communication and promoting the strategic economic plan**

2.1 Since the publication of the refreshed plan in March, a great deal of work has been undertaken to ensure that it becomes more central to the work of the LEP and it is more visible in regional discussion.

2.2 Activity – current and planned:

- The SEP itself has been published in full and summary formats, both of which are available on line and in printed format and have been extremely well received;
- The design of the new website is framed around the structure and programmes of the SEP and is scheduled for soft launch in August, with full roll out from September;

- Work is underway on a video which will be designed to be used on a variety of platforms and relevant for a number of audiences. It is anticipated this will be used by both the Board and the Executive Team at events, meetings exhibitions as well as being promoted on social media and hosted on the North East LEP website;
- A core presentation of the SEP has been developed which is available for use alone, or in a format which can be embedded within wider presentations. SMT members use this and other tools regularly at events to re-inforce and ensure consistency of SEP messages to a range of audiences. A list of recent events is attached at Annex 1 to provide a flavor of the on-going communications and messaging;
- Other members of the LEP team are being supported to build their skills and confidence in communicating the SEP effectively in their work. The SEP is being used as the focus in a two stage team skills training activity which will take place in September;
- All other output from the LEP, including social and mainstream media output, seeks to make reference to the SEP and key corporate messaging, in terms of SEP targets, areas of opportunity or programme delivery. This is being extended into the work of partners in NECA, for example the Inward Investment Team, and we are aware that partners in Local Government are increasingly using the SEP as part of their analytical and communications activity;
- We are in the process of updating and replacing our suite of ‘smart specialisation’ brochures, which have been extremely well received over the past two years. They are now slightly outdated and were originally approached with an innovation focus. We are refreshing these brochures and they will be pitched as a suite of ‘key capability’ brochures which communicate across our programmes and will be designed collaboratively with sector groups and other partners.

### **3.0 Strengthening the Economic Evidence Base**

3.1 The North East LEP has a strong record of gathering and utilising economic evidence from the North East Independent Economic Review onwards and this has provided a firm platform for its work.

3.2 This sits within the policy framework creating and overseeing LEP performance:

- In establishing LEPs, the *Local Growth: Realising Every Place’s Potential* White Paper (HM Government, 2010) stated that “*The Government wishes to see partnerships which understand their economy and are directly accountable to local people and local businesses.*”

- More recently, the *Local Enterprise Partnership National Assurance Framework* (DCLG and BEIS, 2016) positions the evidence base as a critical element of transparency “*Local Enterprise Partnerships are required to operate transparently, thereby giving the public confidence that decisions made are proper, based on evidence, and capable of being independently scrutinised.*”

3.3 The commentary about the role of institutions in the Industrial Strategy Green Paper suggests that the themes about accountability and evidence are likely to strengthen in the future for LEP’s.

The recent SEP Refresh process was built on both updated economic data and active engagement across economic partners which together delivered higher levels of intelligence underpinning the plan. The refreshed SEP itself mentions evidence development and evaluation as ongoing priorities and the Board has expressed its wish to see an ongoing programme of action linked to SEP priorities.

Going forward, therefore, the Strategy, Policy and Analysis Team has been working on a forward programme to develop and deliver a number of evidence ‘products’ which can enhance the economic information available to the Boards and Team, to support SEP programmes and provide the basis for strengthening the information available and dialogue in the region.

3.4 These products will be delivered on a consistent and timely basis. They are:

- The development of detailed evidence slide-sets for each of the SEP programmes of delivery developed in conjunction with relevant Boards. These will update and summarise the existing evidence base. We are working towards the slide-sets for Business Growth, Innovation and Skills being available for Autumn Advisory Board meetings
- A standing update report for each Board meeting outlining key changes in the regions economic position and economic policy matters
- Regular public commentary on key economic data and other outputs relevant to the SEP
- An Annual ‘State of the Region’ report and event each Spring tied to annual economic data, and which will draw this information together and provide a focus for updating activity on a regular cycle



- A programme of collaborative high level research focused on plugging key strategic gaps in the existing evidence base or informing discussion on significant policy issues. To be supported by an Evidence Forum drawing together key partners.
- LEP-wide evaluation strategy and action plan.

3.5 There will be strong connections between the elements of this programme. For example:

- Key statistics from the slidesets and Board report will feed into the State of the Region report.
- Presentations of the slidesets to the Programme Boards and teams will help identify the gaps in existing evidence – helping determine the projects to be included programme of research.

Annex 2 provides more detail of these proposals.

## Annex 1: Presentations to partners (March – June 2017)

Date	Presentation to	Lead	Theme	Smart Spec Area
08-Mar-17	Healthcare Photonics Advisory Board	Hans Moller	Innovation	Health and Life Science
13-Mar-17	LEP Life Science Sub Group	Hans Moller	Innovation	Health and Life Science
14-Mar-17	Business School Newcastle University	Hans Moller	Innovation	na
16-Mar-17	Northumbria University	Hans Moller	Innovation	na
17-Mar-17	Innovation Observatory	Hans Moller	Innovation	na
17-Mar-17	Newcastle University Skills seminar	Hans Moller	Innovation	na
17-Mar-17	Paul Brennan, MEP	Hans Moller	Innovation	na
20-Mar-17	Bond Dickinson staff (Innovation Day)	Hans Moller	Innovation	na
24-Mar-17	Education and Skills Advisory Board	Michelle Rainbow & Richard Baker	Skills	na
24-Mar-17	Catherine McKinnell MP	Michelle Rainbow	Skills	na
27-Mar-17	ESIF Low Carbon Call Event	Hans Moller	Innovation	na
29-Mar-17	Big Solar management team	Hans Moller	Innovation	na
31-Mar-17	North of Tyne Devolution Challenge	Richard Baker	na	na
08-Mar-17	Healthcare Photonics Advisory Board	Hans Moller	Innovation	Health and Life Science

Date	Presentation to	Lead	Theme	Smart Spec Area
03-Apr-17	Department for Business, Energy and Industrial Strategy (BEIS)	Colin Bell	Na	na
04-Apr-17	Supernetwork Design group	Richard Baker	Na	na
05-Apr-17	Consul General India	Colin Bell	Na	na
05-Apr-17	Northumbria University	Michelle Rainbow	Skills	na
06-Apr-17	Life Science Steering Group	Richard Baker	Na	Health and Life Science
20-Apr-17	Northern LEP Innovation leads	Richard Baker	Innovation	na
24-Apr-17	NET Park Innovation event	Hans Moller	Innovation	na
25-Apr-17	Cross Catapult meeting	Hans Moller & Richard Baker	Innovation	na
27-Apr-17	Derwentside College's senior leadership team	Michelle Rainbow	Skills	na
28-Apr-17	North East Chamber of Commerce	Michelle Rainbow	Skills	na
28-Apr-17	National Innovation Centre for Ageing (PhD students)	Hans Moller	Innovation	Health and Life Science
04-May-17	North East Research and Information Network	Richard Baker	Na	na
08-May-17	IPPR Low Carbon Workshop	Richard Baker	Na	na
10-May-17	Older Workers conference	Richard Baker	Na	na

Date	Presentation to	Lead	Theme	Smart Spec Area
10-May-17	Growth Hub Provider Network	Colin Bell	Business Growth	na
11-May-17	5G Workshop	Richard Baker	na	Digital
11-May-17	Entrepreneurs Forum Conference	Colin Bell	Business Growth	na
15-May-17	BEIS, CBI and Centre for Cities Data leads	Richard Baker	na	Digital
17-May-17	VONNE Chief Execs meeting	Michelle Rainbow & Colin Bell	Skills & Business Growth	na
17-May-17	Cisco workshop	Hans Moller	Innovation	Digital
19-May-17	Bishop Auckland College's senior leadership team and Board of Governors	Michelle Rainbow	Skills	na
24-May-17	Association of Colleges Chairs	Michelle Rainbow & Richard Baker	Skills	na
25-May-17	CBI general meeting	Michelle Rainbow	Skills	na
26-May-17	Newcastle University	Michelle Rainbow	Skills	na
27-May-17	Newcastle university Students Union (Innovation Conference)	Hans Moller	Innovation	na
02-Jun-17	LEP Innovation Board	Hans Moller	Innovation	na
08-Jun-17	Bank of England Economic Prospects Group	Richard Baker	na	na
21-Jun-17	Ward Hadaway Brexit event	Colin Bell	na	na

Date	Presentation to	Lead	Theme	Smart Spec Area
22-Jun-17	ESIF Future pre-consultation with DCLG	Richard Baker	Na	na
05-Jul-17	Digital Catapult	Hans Moller	Innovation	Digital
05-Jul-17	LEP national CX Network	Helen Golightly	All	All
06-Jul-17	Northumbria University Brexit seminar	Richard Baker	Na	na
07-Jul-17	Growth Hub Live	Colin Bell	Business Growth	na
12-Jul-17	LA7 Member training	Helen Golightly	All	All
	North East Fund/North East Finance advisory panel and Statutory Board	Michelle Rainbow	Skills	na
	University of Sunderland	Michelle Rainbow	Skills	na

## Annex 2: Proposed evidence products

Slidesets	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To provide summary of current evidence base for each SEP programme of delivery</li> <li>To inform programme design and delivery</li> <li>To influence partner actions</li> </ul>
<b>Audience</b>	<ul style="list-style-type: none"> <li>LEP staff</li> <li>LEP Board</li> <li>Partners</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Summary of existing evidence</li> <li>Presented using charts, tables and diagrams, with accompanying commentary</li> <li>Two main sections               <ul style="list-style-type: none"> <li>Overview of programme area in NE (for example, in the skills slideset, an overview of labour supply, labour demand and the alignment between supply and demand is provided)</li> <li>Summary of evidence in relation to each 'next steps' project</li> </ul> </li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Slideset (set up in PowerPoint) for each SEP programme of delivery</li> </ul>
<b>Frequency/ timescales</b>	<ul style="list-style-type: none"> <li>Business Growth, Innovation and Skills slidesets will be complete by September</li> <li>Presented summary of key statistics from skills slideset to Employment and Skills Board on 22 June</li> <li>Slots scheduled with Business Growth and Innovation Boards on 12 September</li> <li>Slidesets updated on regular basis to remain current</li> </ul>
<b>External resources required</b>	<ul style="list-style-type: none"> <li>None</li> </ul>

Board report	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To provide Board with update on key economic and policy changes since last Board meeting</li> <li>To ensure Board decision making is evidence based</li> </ul>
<b>Audience</b>	<ul style="list-style-type: none"> <li>LEP Board</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Summary of key economic indicators (Key targets plus agreed list of other indicators to be included)</li> <li>Summary of any policy changes impacting directly or indirectly on LEP priorities</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Short report (3-4 pages) for Board</li> </ul>
<b>Frequency/ timescales</b>	<ul style="list-style-type: none"> <li>Standing paper for each Board meeting</li> </ul>
<b>External resources required</b>	<ul style="list-style-type: none"> <li>None</li> </ul>

State of the Region report	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Provide overview of North East LEP economy and how it is changing over time</li> <li>Provide a credible resource for Partners from the LEP</li> <li>Develop ongoing visibility of LEP as an evidence user and economic commentator</li> </ul>

<b>Audience</b>	<ul style="list-style-type: none"> <li>• National and local policymakers</li> <li>• Businesses (current and potential inward investors)</li> <li>• Wider stakeholders (e.g. universities, Catapults, etc.)</li> <li>• Media (serving audiences above)</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• State of region report will consist of two sections: <ul style="list-style-type: none"> <li>– Overview of North East LEP economy (this section will follow same format in each annual report)</li> <li>– In-depth review of one or more specific topics (likely to be linked to either a major issue or key research themes taken forward during the year)</li> </ul> </li> <li>• Will present key statistics on North East LEP area (in charts/tables) accompanied by narrative</li> <li>• Will include 'editorial' at front on key dynamics – drawing out policy priorities</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• State of Region report including 'editorial' – 40 pages</li> <li>• Executive Summary – 8 pages</li> <li>• Launch event – 100 attendees</li> <li>• Series of blog posts</li> </ul>
<b>Frequency/ timescales</b>	<ul style="list-style-type: none"> <li>• To be published annually in March/April</li> <li>• Timescales for 2018 report <ul style="list-style-type: none"> <li>– Commission research (if needed) – August 2017 (to report by December)</li> <li>– Draft report – End January 2018</li> <li>– Executive summary and blog posts drafted – End February 2018</li> <li>– Launch event – March/April 2018</li> <li>– Blog posts – pre/post launch</li> </ul> </li> </ul>
<b>External resources required</b>	<ul style="list-style-type: none"> <li>• Commissioned research (if needed) – linked to topic selected</li> <li>• Report design</li> <li>• PR support</li> <li>• Event support</li> </ul>
<b>Programme of research</b>	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• To address strategic gaps in current evidence base</li> <li>• To provide a focus for research collaboration</li> <li>• To strengthen the culture of evidence based working in the region</li> </ul>
<b>Audience</b>	<ul style="list-style-type: none"> <li>• LEP staff</li> <li>• LEP Board</li> <li>• Partners and wider stakeholders at regional and national level</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• A small group of significant projects targeted at key issues of economic or policy importance to the NE economy</li> <li>• Smaller targeted projects focused on gap-filling in programme-based knowledge</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Research reports (including executive summaries)</li> <li>• Content for website (e.g. blog posts)</li> <li>• Potential for events</li> </ul>
<b>Frequency/ timescales</b>	<ul style="list-style-type: none"> <li>• A rolling programme of research (managed by new Research Lead post)</li> <li>• Engagement of a regional Evidence Forum to provide a platform for information exchange and dissemination</li> <li>• Will use slidesets as starting point for discussion with LEP staff and boards to identify gaps in evidence and targeted research projects that can address them</li> <li>• Other potential research topics logged as they arise</li> </ul>
<b>External resources</b>	<ul style="list-style-type: none"> <li>• Funding and support for major research projects</li> </ul>

<b>required</b>	<ul style="list-style-type: none"> <li>• External research contractors</li> <li>• PR and (where appropriate) event support around promoting findings</li> <li>• Plan to establish North East Evidence Forum to oversee research programme</li> </ul>
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<b>Evaluation strategy and action plan</b>	
<b>Purpose</b>	<p>The purpose of the evaluation strategy and action plan is to provide clarity about the LEP's approach to evaluation. Evaluation is required to:</p> <ul style="list-style-type: none"> <li>• Meet requirements of funders (e.g. LGF)</li> <li>• Understand impact of SEP on North East economy</li> <li>• Inform ongoing decision making by Board and staff <ul style="list-style-type: none"> <li>– Understand 'what works (for whom)' – and factors underpinning success</li> </ul> </li> <li>• To help secure future funds/responsibilities <ul style="list-style-type: none"> <li>– Need to demonstrate impact of current activities</li> <li>– Need to demonstrate effectiveness and value-for-money</li> </ul> </li> </ul>
<b>Audience</b>	<ul style="list-style-type: none"> <li>• LEP staff</li> <li>• LEP Board</li> <li>• Delivery partners</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• LEP evaluation requirements</li> <li>• Linkages between different elements of evaluation</li> <li>• How evaluation will be embedded into LEP processes/systems</li> <li>• How evaluation will be embedded into LEP decision making</li> <li>• Training/capacity building required</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Evaluation strategy and action plan document</li> </ul>
<b>Frequency/ timescales</b>	<ul style="list-style-type: none"> <li>• Draft evaluation strategy and action plan to be completed by end September 2017 – for approval by SMT and Board</li> <li>• To be refreshed every 2 years</li> </ul>
<b>External resources required</b>	<ul style="list-style-type: none"> <li>• Evaluation strategy and action plan being drafted with input from Strategy and Policy team</li> <li>• Some outstanding (approx. 2 days) Ekosgen consultancy support likely to be used to assist with development</li> <li>• Once agreed, will require number of external resources <ul style="list-style-type: none"> <li>– External adviser to support Strategy and Policy team draft briefs, review tenders and evaluation outputs, etc. Alternatively, could be role for North East Evidence Forum</li> <li>– External consultants to deliver evaluations</li> <li>– PR support to highlight key findings</li> </ul> </li> </ul>



**27 July 2017**

**ITEM 5 (ii): Shaping the Economic Policy  
Environment**

**1.0 Background**

- 1.1 The Strategic Economic Plan (SEP) sets out a clear direction for the North East economy at a time of considerable economic and policy uncertainty.
- 1.2 Whilst the North East economy continues to perform well, with the most recent data showing further increases in job numbers of increasing quality, and business growth in a number of areas of opportunity, challenges and risks from Brexit in particular are evident. There is also an expectation of a markedly changed economic policy environment in response.
- 1.3 The Board has been determined that key messages from the SEP are communicated effectively to deliver enhanced profile, strengthened engagement and new investment into the region to continue to drive this growth and manage these risks in this context. This implies a strengthened and clearly framed approach to the changing public policy environment.
- 1.4 This paper aims to promote discussion about how the LEP should contribute to shaping economic policy to help deliver the SEP, to support the regional economy and to add value to the influencing activities of North East partners.
- 1.5 The Board is asked to:
  - Consider whether this paper establishes the basis for active engagement in public policy;
  - Consider the roles that the LEP should play directly, and to work with partners in supporting this engagement;
  - Consider the proposed priority policy themes which should be in focus;
  - Support work to build strengthened co-operation on these actions.
- 1.6 Two linked papers on SEP communications and future evidence priorities, and the collaborative work which is being done to monitor and respond to Brexit also feature on the agenda for this meeting.

## **2.0 The role of the LEP in Public Policy**

- 2.1 A key consideration for this paper is the position of the LEP in public policy work. As a collaborative organisation working across sectors, underpinning principles should be of non-partisanship and to add value, avoiding duplication.
- 2.2 Other organisations in the region have the flexibility derived from their membership, their political mandate or their independent interests to express direct opinion which may cross-boundaries that the LEP may choose to respect. However, the LEP has a number of important influencing functions which, if performed with credibility on behalf of the region, would take forward its responsibility to:
- Develop and champion the SEP as a leading place-based economic document built on strong economic evidence and partner engagement
  - Convene and support partners, using its role as a cross-sectoral partnership structure to promote the region, highlight its interests and amplify presentation of issues of shared concern
  - Win investment and deliver inward engagement into the region
- 2.3 Each of these require the underpinning understanding of the region's economic and social opportunities and challenges, the opportunities for public and private investors and the wider framework of economic risks which require management.

## **3.0 Current public policy priorities**

- 3.1 The current public policy environment is complex. The referendum decision to leave the European Union dominates the political and economic landscape and the process and outcome of the negotiations and decisions about implementation will contextualise the policy, legal and investment environment. The General Election result has delivered uncertain political dynamics.

### **Brexit:**

- 3.2 As is set out in the paper elsewhere on the agenda for this Board meeting, partners believe that the North East LEP should formalise a role of co-ordinating work on Brexit to ensure that the North East views and interests are firmly understood, that investment is secured and that businesses and other organisations are on the front foot in preparing for change.

- 3.3 Beyond Brexit itself, there are a group of key policy issues which dominate the response which are outlined below. The refreshed SEP sits well in the context of these issues and there are significant opportunities to articulate our interests and priorities, although the environment itself is busy.

**Economic growth and productivity:**

- 3.4 The Government response to Brexit is emergent but it is clear that a key focus will be on the development of an active industrial strategy. This will provide a cross-Government economic agenda focused on productivity and competitiveness which will offer multiple opportunities for engagement. Given the policy volatility, it is notable that opposition party manifestos promoted variations in approach rather than questioning of the principle of an industrial strategy. The focus on innovation, skills, and international engagement to drive investment and trade is likely to be a key focus as EU negotiations progress. Key infrastructure and housing investment are also seen as key to current policy concerns in terms of preparing the UK for a post-Brexit economy.

**Inequality and opportunity:**

- 3.5 The election campaign and the result itself exposed key issues of inequality. All main parties expressed concern in the run up to the vote, but the outcome has been catalytic. A particular focus is on the issue of intergenerational division and inequality which found particular expression in both the referendum and the June election. Narratives around 'equitable' and 'inclusive' growth are now at the heart of the national debate with debate around tax, the quality of employment, and access to housing for young people and families. These are aligned to key programmes in the SEP and provide opportunities to elaborate proposals through policy and investment programmes.

**Economic rebalancing:**

- 3.6 This other key platform in the SEP - the need to boost the performance of our and other regions to help rebalance the UK economy - is called out clearly in the industrial strategy. The General Election result has delivered significant influence to the devolved administrations in Scotland, Wales and Northern Ireland and the Mayoral Elections have created new forms of traction of the issue.
- 3.7 For other areas preferred tools to support this are less well defined although recent commentary on the Northern Powerhouse and the pre-consultation discussions about the UK Shared Prosperity Fund suggest that spatial rebalancing remains a strong theme with more work to do to ensure that it is followed though effectively for the North East.

- 3.8 Some key departments, particularly the traditionally reluctant ones, appear to be less keen than previously to engage in the face of uncertainty.

**Other issues:**

- 3.9 Other key issues which have been central to the SEP, such as the low carbon agenda, rural policy, and labour market demographics are now less in the foreground of policy discussion, although some of the dynamics in the current policy environment are likely to be quite challenging and important to the North East given our low carbon energy opportunities, our rural economy and communities and demographic trends in our labour market and the slow-down in international immigration as a result of Brexit uncertainty. The latter issue is reportedly the primary concern of North East employers in the context of Brexit.

- 3.10 In this context, the key aims should be defined as follows:

- To promote the content of the SEP seeking to strengthen recognition of the opportunities and needs of the North East in the context of the industrial strategy and equitable/inclusive growth processes and to embed North East partners into UK Industrial delivery processes such as sector deals and UK wide programmes
- To build engagement with key bodies responsible for advising or delivering for Government and for distribution of resources. These include Executive Agencies, National Centres of Excellence and key units in central departments. These will need to be targeted to reflect North East priority areas
- To target activity on particular workstreams which can deliver new resources into through emerging investment programmes such as the UK Shared Prosperity Fund.
- It should be noted that a specific action may be a need to further develop the SEP in response to the manifesto commitment to deliver a group of Local Industrial Strategies which connect national and regional strategies.
- Given the influence of devolved administrations and new Mayors, to work closely with other partners in the North East and to collaborate with peers across the North of England to ensure that the 'rebalancing' agenda remains clearly defined through the Industrial strategy White Paper and associated processes.

## **4.0 Current engagement**

4.1 The LEP Senior Management Team (SMT) has begun to review the current LEP engagement in these processes. It shows that the LEP Board and Executive Team is currently actively engaged in a range of processes which can help shape the economic environment helping to enable delivery of SEP themes including:

### **National**

- Membership of Ministerial level Task Forces, for example the Scale Up Task Force
- A range of LEP network meetings and working groups – on issues ranging from industrial policy to future funding
- Sponsorship of national demonstrator and research projects such as the Gatsby Skills Pilot and Science and Innovation Audits. Engagement with emerging national priority areas, offering place based engagement such as 5G and medicines manufacturing

### **Northern**

- Board membership of current delivery vehicles, for example Transport for the North
- Leadership roles and engagement in pan-Northern development platforms, for example the Northern LEP Innovation Leads, Skills Leads and Growth Hubs co-ordination
- Collaborative engagement with Northern Powerhouse engagement events

4.2 The LEP also support a range of informal and consultative processes within Ministers, Civil Servants and Business networks. However, the SMT has also identified a number of new or emerging processes such as sector deals where there is more to do to ensure that North East engagement is effective.

4.3 The SMT is aware that Board members and other North East organisations are active in parts of this environment and proposes that, building on the experience of the positive work on Brexit, a piece of work should be undertaken to more clearly understand the networks and routes to influence and to establish co-ordination to enhance North East influencing in support of SEP aims. Our expectation is that this work will improve North East messaging and will complement the work of partners in business networks, in local government, education and in key sector and cluster organisations.

## **5.0 Recommendation**

- 5.1 The Board is recommended to note the position and progress being made on this agenda and endorse the direction of travel.

**27 July 2017**

**ITEM 5 (iii): Brexit and the North East**

**1.0 Background**

1.1 Following the decision to leave the European Union, and based on local engagement with the business community, partners in the North East meeting informally agreed a set of key messages about the approach and priorities for the negotiations (see annex 1). These key messages were considered and endorsed by the Board in September 2017.

These have provided a framework for engagement with Government and for public commentary through, for example, responses to the Brexit Select Committee, the response to the Industrial Strategy, lobbying with Government and wider briefings and discussions.

This initial work was co-ordinated by a Brexit Working Group bringing together the CBI, NEECC, EEF, FSB, Entrepreneurs Forum, North East LEP and NECA (via LA Economic Directors)<sup>1</sup>.

**2.0 Current position**

2.1 The Government has now triggered the article 50 process with the aim of completing negotiations by March 2019 and the Queens Speech contained proposals for 8 bills<sup>2</sup> which would aim to give effect to the decision to leave. Unusually these are to be considered in an extended 2 year Parliamentary Term.

Alongside were early statements about the intention to detach the UK from key regulatory structures such as Euratom and the European Medicines Agency which will have an impact on key UK sectors.

In addition the Government has begun pre-consultation discussion on the shape of a new UK Shared Prosperity Fund (UKSPF) which is likely to lead to a Green Paper consultation in the Autumn, potentially linked to the Industrial Strategy White Paper. The scope of UKSPF is not yet clear, although the framework of the pre-consultation engagement appears to be

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<sup>1</sup> The Group has included: Richard Baker, Sarah Glendinning, Helen Golightly, Rob Hamilton, Simon Hanson, Liz Mayes, Gillian Marshal, Vince Taylor, Jonathan Walker

<sup>2</sup> Proposed bills include the Repeal Bill; Customs Bill; Trade Bill; Immigration Bill; Fisheries Bill; Agriculture Bill; Nuclear Safeguards Bill; International Sanctions Bill

positioned this as a replacement for current EU structural funding. This would imply wider and parallel discussion about the framework for other EU related funding such as for Research and Innovation and Rural Development/Agriculture.

### **3.0 Impact on the North East and response**

3.1 Across the North East there are an increasing range of activities being undertaken in response to this environment including:

- An increasing number of events, conferences and initiatives exploring different issues<sup>3</sup>
- Regional surveys of opinion<sup>4</sup>
- The development and delivery of business advice and support services

The recent Brexploration event at South Tyneside attracted a number of private, public and education sector partners to debate the Brexit issues, which are being reviewed with a view to expand the approved key messages document if required.

Recent research<sup>5</sup> has suggested that businesses are preparing for the possible implications looking at issues such as marketing, trade and staff immigration status and recent employment figures<sup>6</sup> and intelligence about investment intentions suggest that the economy is robust in the short to medium term, but this work has also suggested that there is increasing concern about the potential impact in a range of areas. Some of the responses could be challenging linked to uncertain economic conditions and is highly dependent on the outcomes of negotiations. A quarter of firms said their response could include full or partial relocation.<sup>7</sup>

Amongst other partners Universities have expressed significant concern on the impact on research, recruitment and student applications and other key employers, for example in the NHS, are reporting recruitment challenges, at least part of which is related to staff concerns about their status.

Other contacts suggest that there is a piece of work to do to build or strengthen linkages into key member states and regions. There is also some discussion of a Northern negotiating committee aiming to ensure that northern perspectives are communicated clearly given the influence of other parts of the UK which requires consideration.

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<sup>3</sup> These include Business Conferences, Local Authority Led events, Academic Conferences

<sup>4</sup> Including from business organisations, our MEP's and the media

<sup>5</sup> See Brexit Monitor, RSM, 13 July 2017, NECC member survey, FSB

<sup>6</sup> ONS 12 July 2017

<sup>7</sup> Brexit Monitor



## **4.0 Next steps**

4.1 The Brexit working group which prepared the original statement of key messages has continued to meet to monitor and co-ordinate knowledge. The Group reconvened following the General Election on July 6 and concluded that:

- There was a need to update the key messages and enhance communication about (1) North East priorities and (2) the opportunity and welcome of the region to business and workers;
- That there was more work to do to monitor specific impacts and the emerging Brexit proposals to spot impact areas including key legal and regulatory issues, funding and institutional processes;
- That there was a need to strengthen co-ordination about events and other activities to encourage clear messaging and outward facing action, leverage knowledge and to avoid duplication;
- That collaborative work through the Growth Hub and partners network and through the innovation programme could play a continuing useful role in targeting support to businesses and other partners to aid preparation, build outbound engagement and minimise risk.

To support this, the Group recommends placing the Group on a firmer footing reporting into the North East LEP Board, enhancing its support and extending the membership to Universities and the TUC.

## **5.0 Recommendation**

5.1 The Board is asked to note the report and endorse the next steps set out in paragraph 4.1.

**Annex 1: Key Messages approved by the LEP Board September 2016**

# North East's Key Messages to inform the Brexit debate

1. The North's business voice and economic interests should be heard in the BREXIT negotiations and the expertise of North East business leaders utilised.
2. On-going access to the Single Market, and priority recognition within a new visa/immigration system is of widespread importance and vital for the following key sectors: automotive and passenger vehicle manufacturing; pharmaceuticals, energy and oil & gas, and digital services, financial and professional services, higher education, health care.
3. The future terms of trade for our key sectors are of vital importance to sustain the growth achieved over recent years.
4. Successor arrangements to the current EU regeneration funds need to be made clear urgently and are essential to the delivery of our Strategic Economic Plan and to wider regional rebalancing. They should be much more flexible. There are opportunities to look at areas like state aid rules to enable more flexible and dynamic public procurement environments.
5. The relationships between North East Universities, Business and European research and innovation networks are of crucial importance across a range of disciplines, as is access to EU programmes such as Horizon 2020. Government needs to provide further assurances to universities around on-going access to European research funding and collaboration and to ensure that the visa/immigration system promotes further growth in international student numbers.
6. The North East remains open for business and will continue to secure significant inward investment, and there are also significant opportunities to increase Government investment and spending in region, as part of the new Industrial Strategy.
7. In addition to making a significant allocation to the North East in response to the Local Growth Fund bid, the Government should make early investments into key projects which can build confidence in key sectors, in particular the automotive and pharmaceutical industries and into the digital infrastructure.
8. There should be increased support for trade missions, particularly with a regional or Northern Powerhouse flavour, and for businesses attending international trade shows. There should also be a strengthened overseas trade representation for the UK (e.g. in embassies).

**27 July 2017**

**ITEM 7: Future North East Economic  
Growth Investment**

**1.0 Background**

1.1 There are currently no future commitments from Government for more local growth funding allocations or the replacement of European Structural and Investment Funds following the current 2014-2020 programme.

There are also a wider group of important funding streams which support the regional economy such as for European rural and research and innovation programmes whose future is unclear. The Industrial Strategy Green Paper envisages a number of new programmes which might replace these resources.

As discussed at the LEP Board in May, there is a need to set out a clear position with Government for continued investment in the North East to support local growth and also to influence Government thinking at a time when future investment policies and processes are being developed.

**2.0 Influencing Government Thinking**

2.1 Following on from our response to the Green Paper, annex one sets out our proposed key messages for continued investment in the North East to deliver the Strategic Economic Plan (SEP) and the emerging place based Industrial Strategy. It also sets out key criteria to be considered by Government to influence their thinking as the policies and associated funding model(s) are being developed.

It is proposed that the Chair of the North East LEP and Chair of the North East Combined Authority write to the Secretaries of State for DCLG and BEIS setting out our position and preferences for future investment, and that we use and share the key messages for consistent Government lobbying at all levels.

**3.0 Recommendation**

3.1 The Board is recommended to:

- Endorse the statement and key messages set out in annex one as the lobbying material to influence Government thinking on future investment policies and processes;
- Agree that the Chair of the North East LEP writes to the Secretaries of State for DCLG and BEIS setting out our position as set out in annex one, and request that the Chair of the North East Combined Authority also writes;
- Share the position statement with the CBI, NEECC, FSB, EEF and Entrepreneurs Forum to achieve consistent messaging from the North East.

## Annex One

### FUTURE NORTH EAST ECONOMIC GROWTH INVESTMENT



The North East LEP area is home to almost two million people and its economy generates over £37 billion each year and jobs for 865,000 people.

**Our Strategic Economic Plan (SEP) sets out our clear and agreed economic ambitions, and forms our place-based industrial strategy.** These are:

- To support our economy to deliver a 100,000 'more' jobs by 2024;
- To ensure 70% of the new jobs delivered are 'better' jobs – offering higher skilled, more productive and better quality opportunities to more people in the area.

Further it sets out a framework for measuring the performance of the North East economy in the context of UK wide rebalancing with targets to close key performance gaps in productivity, private sector employment, employment rate and economic inclusion.

<http://www.nelep.co.uk/wp-content/uploads/2017/04/North-East-SEP-FINAL-March-2017.pdf>

In delivering this ambition we have **specialisms and strengths** from which to build and on we focus activity and investment. These are: *Tech North East - Driving a digital surge; Making the North East's Future – automotive; medicines; and advanced manufacturing; Health Quest North East - Innovation in health and life sciences; and Energy North East - Excellence in subsea, offshore and energy technologies.*

Enabling service sectors that support the wider economy and offer opportunities for the delivery of 'more and better' jobs are also pivotal to economic growth: *Education; Logistics; and Financial, professional and business services.*

**We have been successful:** economic growth has returned to trend, delivering an average of 3% growth in Gross Value Added (GVA) per annum. In terms of our targets, progress since 2014 has **exceeded our expectations:** we have **record levels of employment**, we have seen **a higher rate of job growth than nationally**, we are on target to close the gap with national performance in terms of **business density and economic activity** in the labour force by 2024, and we are net exporting region. Recent evidence shows the area has **the strongest potential for GVA and productivity growth** of any of the functional economic areas of the North of England<sup>1</sup>.

This has been achieved by strategic investment decisions that have levered in wider funds and incentivised business and employment growth.

**To continue this positive trend and allow the delivery of our ambitions for the region sustained intelligent investment is required.** The investment model should:

- **Be long-term** - Future investment must be a multi-year fully devolved funding programme – bringing together resources for economic growth, skills and employability along with regeneration and transport resources, which will deliver the Industrial Strategy in the North East, through the Strategic Economic Plan.

- **Be at scale** - Investment must be at least at the same scale as we have seen in the past; ensuring that the regional investment from ESIF and LGF is replaced with around £700m which has been invested in areas such as R&D and innovation, infrastructure, economic assets, business support and skills between 2014 and 2020, and that access to other resources streams, networks and programmes can be maintained and aligned, such as for rural development and research and innovation..
- **Be determined locally – Resources should be fully devolved** to the North East LEP area to allow long-term investment decisions, in line with the SEP, and strategic fund and performance management, in line with the Local Assurance Framework. Government correctly identifies the role of local partners in understanding the needs of local economies, and resources should follow this principle.
- **Be needs based** – funding to be targeted to reflect economic conditions as articulated in the SEP; where our performance framework shows the need to address productivity and growth rates which still lag behind other parts of country, but where great potential exists shown by recent performance in closing these gaps.
- **Inclusive and equitable Growth – we aim to deliver** a balanced framework of broadly defined economic benefits, seeking to ensure that ‘quality GVA’ is delivered by adopting wider measurement framework across a basket of key indicators tailored to our economic circumstances including growth, productivity, opportunity and inclusion.
- **Be flexible** - An integrated package of funding, avoiding restrictive siloed approaches, and including both revenue and capital funds. Flexibility to lever in private or public funds, offer wholly-financed approaches or provide loan and equity finance. .
- **Be timely** - to ensure there is no gap in investment as we leave the EU and with a multi-year commitment to allow strategic planning and ensure continuity in activity.
- **Enable strong Partnerships** – we will continue to work in strong partnership between the public, private and education sectors and with our colleagues in the community and voluntary sector. We work collaboratively with partners from other parts of the country on key economic projects and will continue to do so. Government has a key enabling role to play to help deliver our shared ambitions for the North East by ensuring that outcomes are clearly defined, that institutions are empowered and that the policies and resources of Executive agencies and departments support the delivery of the SEP.

27 July 2017

**ITEM 8: North East LEP Funding and  
Investment Governance**

**1.0 Introduction and background**

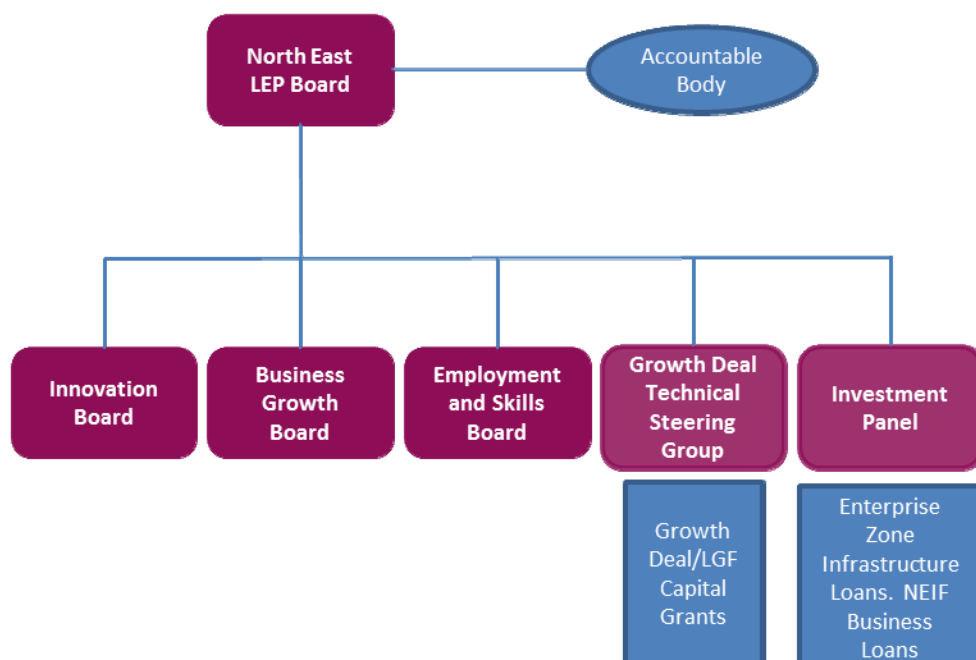
1.1 This paper sets out the current governance arrangements relating to the funding managed by the North East LEP and provides recommendations on how these arrangements could: better utilise specialist advice; be future proofed to streamline the approval process; improve wider LEP investment oversight and strategic thinking; and potentially to allow time required at the North East LEP Board meeting for funding decisions to be used most effectively, while continuing to meet Government guidelines, transparency and assurance.

**2.0 Current governance arrangements**

2.1 The North East LEP governance arrangements have been put in place to manage public money which the LEP is responsible for, in line with Government guidance. These arrangements include two groups that provide recommendations to the North East LEP Board on projects seeking funding from the LEP funding streams.

- (1) The Technical Steering Group oversees and makes recommendations on the Local Growth Funding.
- (2) The Investment Panel oversees and makes recommendations on Enterprise Zone Business Rate Income and the North East Investment Loan Fund (NEIF). The North East LEP Board currently makes all decisions on funding and investments.

**Figure 1 -The current North East LEP Governance structure**



2.2 Current arrangements require the Investment Panel or Technical Steering Group to consider a project before their recommendations are taken to the North East LEP Board, who make the final decision on whether funding should be awarded. The Accountable Body is responsible for ensuring all contractual, financial and legal requirements of the funding award are in place. The Accountable Body does not make the principal decision whether to invest or not.

The existing membership of the two groups is shown in table 1, below.

**Table 1 – Investment Panel and Technical Steering Group membership**

Group	Frequency	Chair	Members
North East Investment Panel	Bi-Monthly	Private Sector member of the North East LEP Board (David Land)	<ul style="list-style-type: none"> <li>• 2 additional LEP Board members (1 private, 1 public)</li> <li>• 3 external specialist advisors</li> <li>• LA7 Economic Directors' rep</li> <li>• LEP Executive Director</li> <li>• Accountable Body Finance Officer(s)</li> <li>• LEP Executive Officers(s)</li> </ul>
Growth Deal Technical Steering Group	Approx. 6 weekly	Executive Director of the North East LEP (Helen Golightly)	<ul style="list-style-type: none"> <li>• Accountable Body Chief Finance Officer</li> <li>• Accountable Body Monitoring Officer</li> <li>• LA7 Economic Director representative</li> <li>• Accountable Body accountant</li> <li>• Transport Senior Manager</li> <li>• BEIS representative</li> <li>• LEP Programme Manager(s)</li> <li>• External technical appraiser(s)</li> </ul>

2.3 Outside of these two LEP groups, the LEP Executive team engage with other key groups within the LA7 structures, including (but not limited to) the LA7 Chief Executive group, LA7 Economic Directors group and the LA7 Financial Directors group, as appropriate. The activities of these groups lie outside the scope of this paper, and tend to review LA programme and project performance. They would continue to provide an essential role shaping the work of the proposed groupings.

2.4 The current governance arrangements meet all requirements relating to Government guidance, and rely heavily on the LEP Board making all decisions directly. Delegated arrangements have been put in place on a limited basis, for example in relation to the original Growth Deal 1 and 2 Transport projects or the EZ Development Funding delegated to the Investment Panel Chair and LEP Executive Director. These arrangements have been put in place to utilise specialist knowledge in providing final approval and to speed up and streamline the approval process.

### **3.0 Proposal to merge the two funding groups into one to enable improved strategic and fund management**

- 3.1 It is proposed to merge the existing Investment Panel and Technical Steering Group into one board, renamed the Funding and Investment Board (FIB).
- 3.2 The proposed membership is five members of the LEP Board - three private sector including the Chair and two public sector. In addition, it is proposed that there will be three external specialists providing advice on the property market sector, commercial banking and access to finance, LEP Executive Officer(s) and NECA statutory officers and a LA7 senior officer (a representative from the Economic Directors as is the case now).
- 3.3. The LEP Board and FIB will be supported by a new Technical Officers Group (TOG) who will provide guidance and oversee operational programme management. The TOG will be chaired by the Executive Director of the North East LEP. Members of the TOG will be: Accountable Body Finance Director; Accountable Body Monitoring Officer; LA7 Economic Director representative; Accountable Body funding officer; LEP Programme Managers; other LEP Officers and Independent Advisors as appropriate.
- 3.4 The North East Combined Authority will continue to perform the accountable body function in line with the Accountable Body Agreement.
- 3.5 This proposal will enable:
- Better strategic oversight and management of all funds and the development of fund / investment activity;
  - Better utilization of independent specialist advice in the approval process by embedding the independent specialist advice within the FIB to consider all proposed investments;
  - Improved oversight of all LEP investments to ensure that grant and loan investments are aligned and makes the best use of all available resources;
  - Timely decision making by aligning meeting dates through the process;
  - The LEP funding streams continue to be managed in line with Government requirements.
- 3.6 It is also proposed that a forward plan of 'key decisions' will be regularly provided to the LEP Board for information to have visibility of when projects will be considered.

### **4.0 Proposal for further consideration**

- 4.1 The primary proposal set out in paragraph 3 is to merge the two existing groups to promote more effective and efficient decision making and strategic management. In addition, consideration should be given to whether the LEP Board wishes to delegate some secondary decision making to the new Funding and Investment Board.
- 4.2 Therefore, it is also proposed that the two tier governance could also enable two tier decision making. Firstly, the LEP Board would make all primary funding decisions, which involve all investment decisions for a project to enter a funding programme. This usually happens at the outline business case or Expression of Interest stage. The LEP Board will make the principal investment decision to fund



a project. At that point, the Board will know in outline 'what it is buying', how much the investment is, how it relates to the SEP and strategic priorities, the level of outputs and indicative cost of the project / scheme.

Secondly, the FIB would have delegated powers to sign off the full business case after due diligence as long as it was still within scope of the initial LEP Board decision. There will need to be some operational criteria to determine what degree of scope creep requires referral back to the LEP Board for decision. It is also suggested that any LEP investment over £5m should not be considered within this delegation and all decisions at that level of funding or above remain with the LEP Board. It is proposed that to be quorate, the FIB should have a minimum of 2 private sector and 1 public sector members present. Where consensus cannot be achieved, decisions will be referred back to the LEP Board. All five members on FIB will represent the whole LEP geography and base decisions on the SEP and fund criteria.

- 4.3 Appendix 1 shows the proposal diagrammatically. It includes the minimal delegation to the FIB from the LEP Board as set out in paragraph 4.2.

## **5.0 Recommendations**

- 5.1 The Board is recommended to:

- (1) Approve the setting up of the proposed Funding and Investment Board to replace the Investment Panel and the Technical Steering Group;
- (2) Approve the membership of the Funding and Investment Board to be three private sector members and two public sector members of the LEP Board, and that one of the three private sector member LEP Board members will chair the Funding and Investment Board;
- (3) Approve the roles and responsibilities as set out in annex one which will be used to inform the Terms of Reference and operational processes.

	Roles and Responsibilities	Membership
<p><b>North East LEP Board</b> (meetings held every 2 months)</p>	<ul style="list-style-type: none"> <li>Set Strategic Priorities for funding and investments</li> <li><b>Set scope and agree timeframes of any project/funding calls</b></li> <li>Makes decision on all projects at 'programme entry' / 'expression of interest' stage</li> <li>Delegates final decisions on investments to 'Funding &amp; Investment Board' on projects up to £5m</li> <li>Final stage of project performance management system</li> <li>Agrees content of external funding bids</li> </ul>	<p>Chair – private sector Private sector – 9 (inc. Chair) Public sector – 7 HF and FF – 2</p>
<p><b>Funding &amp; Investment Board</b> (meetings held every 2 months, at least 2 weeks before LEP Board)</p>	<ul style="list-style-type: none"> <li><b>Makes recommendations on projects at 'programme entry' / 'expression of interest' stage to North East LEP Board</b></li> <li>Makes final funding investment decisions on behalf of North East LEP Board on projects up to £5m (requires quorate members all to agree)</li> <li>Second stage of project performance management system</li> <li><b>Invites specialist advice and guidance on funding and investment propositions</b></li> <li>Has strategic fund oversight, management and development</li> <li>Agrees changes to commercial terms of loan funding agreements</li> <li>Confirm movement of budgets from one financial year to a future year and funding swaps</li> </ul>	<p>Made up of North East LEP Board Members (no subs) Private sector – 3 (inc. Chair) Public sector – 2 (Quorate – 2 Private, 1 Public)  Advisors: External Specialist advisors (x3) LEP Exec Officer(s) LA7 Lead Officer(s)</p>
<p><b>Technical Officers Group</b> (meetings held every 2 months, at least 2 weeks before Funding &amp; Investment Board)</p>	<ul style="list-style-type: none"> <li>Monitor programmes and projects performance</li> <li>Provide operational direction</li> <li>Make recommendations to the LEP and Funding &amp; Investment Boards on 'programme entry' / 'expression of interest' stage and final funding decision</li> <li>Make recommendations to North East LEP Board on scope of project/funding calls</li> <li>First stage of project performance management system</li> <li>Recommendations to Funding &amp; Investment Board to changes to commercial terms of loans</li> </ul>	<p>Chair – LEP Executive Director Accountable Body Finance Director LEP Programme Managers Accountable Body Monitoring Officer LA7 Economic Director rep. Accountable Body Funding Officer LEP Officers and Independent Advisors – as appropriate</p>
<p><b>Accountable Body</b></p>	<ul style="list-style-type: none"> <li><b>Ensures all financial regulations are adhered to, including those relating to procurement, tendering, and arrangements for contracts</b></li> <li><b>Provides timely statements of expenditure to Government as required under Section 31 Grant Agreements with Government.</b></li> <li><b>Ensures decisions made are consistent with any national or European Environmental, Equalities, Procurement or State Aid regulations and are otherwise lawful.</b></li> <li><b>Manages funds in line with the Treasury Management and Investment Policy</b></li> </ul>	
<p><b>North East LEP Executive team delegated authority</b></p>	<ul style="list-style-type: none"> <li>Approval of non-material changes to project (for example, changes to values within budget headings)</li> <li>Accept underspend and reduction to award (where no impact lifetime performance of project)</li> <li>Approve requests to slip milestone dates (where no impact on lifetime performance of project)</li> <li>Reject funding claims on basis of inadequate evidence or ineligible costs</li> </ul>	

**DATE** 27<sup>th</sup> July 2017

**ITEM 9 : Setting up a company limited by guarantee**

**1. Background**

- 1.1 The purpose of the report is to provide an overview of the key benefits of setting up a company limited by guarantee to sit alongside and support the North East Local Enterprise Partnership (North East LEP). The report demonstrates the approach taken by other LEPs and provides examples of how additional funding could be accessed from, for instance:
- The Edge Foundation
  - Google Europe Digital Fund
  - Health trusts and foundations
  - UK Innovation programmes

Of the 38 Local Enterprise Partnerships (LEPs), 20 have an associated Limited Company (See Annex A for the List of LEPs and Companies Associated). 17 of these are set up as a Company Limited by Guarantee (CLG) and 3 are set up as a Community Interest Company (CIC).

- 1.2 Four of these companies pre-date the formation of LEPs in 2011 and have updated their articles of association to support the delivery of the Strategic Economic Plans in their LEP area. The other 17 have been set up since the formation of LEPs, with the most recent formed in the last year.
- 1.3 Following up from the agreement at the North East Local Enterprise Partnership Board on the 25<sup>th</sup> May 2017, the LEP executive team are exploring setting up a Company Limited by Guarantee to sit alongside the current arrangements.
- 1.4 To be clear this does not replace the North East LEP's voluntary partnership model with an accountable body, but a vehicle to sit alongside to enable additional funding to be secured.

**2. Purpose**

- 2.1 The setup of a not for profit company will allow the North East LEP to apply and / or bid for funding where the eligibility criteria currently precludes non-incorporated or public sector organisations. Below are four recent examples where the LEP has had an opportunity to secure funding on a LEP-wide basis for activities aligned to the delivery of the Strategic Economic Plan, but where the structure has created a

barrier. The first two are examples of opportunities to apply for funding and the third is a potential proactive approach by the LEP to secure funding for an important strategic national pilot.

## 2.2 (1) The Edge Foundation

In the Strategic Economic Plan we describe one of the key aims for the North East is to excel in technical and professional education. High quality technical and professional education provides the opportunity for all young people to reach their full potential equipping them with the skills they need for today's global, digital economy.

2.3 The Edge Foundation is the independent education charity dedicated to raising the status of technical and professional education. They launched an Innovation and Development Edge Grant Fund with £3 million of staged grant funding available for short and long term projects to build on proven models or test new approaches within education and learning. Competitive funding rounds in 2016, 2018 and 2020 allow organisations to apply for one-off funds for a series of successive projects.

2.4 Funding to support a North East LEP region-wide innovative and co-ordinated pilot model to test the delivery of industry led technical and professional education would be of great benefit, however the eligibility criteria states that the application must either come from an educational establishment or from a not-for-profit organisation – a CLG or CIC would be eligible.

## 2.5 (2) Google Europe Digital Fund

A second, smaller and slightly more recent example is a grant scheme from Google. Google Europe are looking for ways for all students to engage with computer science and want to work with organisations and educators during Europe Code Week (July 2017) to amplify efforts to get students excited about coding, especially those who might not have access to other learning opportunities.

2.6 Google Europe are offering grants of up to 2500 EUR per school to organisations who want to run education initiatives to achieve this opportunity and it is open to not for profit organisations and schools only. The Digital Skills Group comprising a collaboration of digital businesses, support organisations and local authorities are looking at ways in which the grants could be combined to provide one large regional grant to target students new to computer science from across the area. A not-for-profit organisation with the capacity to co-ordinate the bid is currently being sought before the tight deadline of mid-July. The North East LEP are precluded from applying.

## 2.7 (3) Primary Benchmarks

The Good Career Guidance Benchmark Scheme (Gatsby Pilot) has been a success and will be rolled out to all schools and colleges in 2017. The pilot has also demonstrated that earlier engagement with pupils is vital for a vibrant Career Development Programme. The aim is therefore to extend a pilot scheme to a "Primary Benchmark" scheme under the banner of "Play level to A level"/Playground

to PhD". However, in order to achieve this, further funding of £400,000 to £500,000 will be required.

- 2.8 There is not sufficient funding within the LEP to fund an extended Primary Benchmarks campaign and the Gatsby Foundation has committed to other projects in the UK. It is unlikely there will be one single source of funding that could support the pilot extension. It may therefore be necessary to seek funding from multiple sources. Tentative discussions have taken place with some fund holders at the Tyne & Wear Community Foundation who have indicated support. However, at the levels individual fund holders could provide funds, some 25 – 50 fund holders would be required to donate, which would be administratively very difficult to organise and manage.
- 2.9 There are a number of issues to overcome if funding is to be sought from multiple sources, particularly philanthropic sources. The two key ones being:
- The North East LEP is not a legal entity and therefore incapable of receiving funds.
  - Most, if not all, philanthropic donations are required to be made to legal entities with charitable status or a non-profit organisation.
- 2.10 Following consultation with the North East LEP's Information, Advice and Guidance (IAG) Steering Group, the following recommendation was made by its members.
- A separate vehicle could be created for the Primary Benchmarks pilot. *The recommendation would be to create a company limited by guarantee or a Community Interest Company, with charitable objectives.*
- This would achieve multiple objectives:
- A governance vehicle for this funding for the LEP
  - capable of receiving funding
  - unable to distribute reserves other than for its stated objectives
  - capable of receiving philanthropic donations
  - more likely to achieve longevity
- 2.11 Applications could be made for more substantial donations (£250,000 or more) to organisations capable of donating this amount of money, for example:
- The Tyne & Wear Community Foundation itself (rather than individual fund holders)
  - Large national philanthropic bodies such as Joseph Rowntree Trust, Esme Fairburn, National Lottery, Comic Relief etc.
  - Significant private trusts in the North East such as Ballinger, Halburton, Shears Foundation, Barbour Foundation, Newcastle United Foundation, Moyes Trust.

2.12 (4) Catalytic Competitions including Health Quest North East and Data for Growth and other UK Innovation Funding

The SEP Innovation programme identifies a priority to deliver catalytic competitions working with Innovate UK and other key partners aiming to both foster innovation in key parts of the economy and in public service delivery, and to test new forms of public procurement. Two competitions have been framed and the LEP has spent the last year seeking to identify approaches to resource them.

- 2.13 The first option tested was to draw down ESIF resources and then match it from the resources of other partners; from trusts and foundations for Health Quest and from Innovate UK for the Data for Growth project.
- 2.14 Many trusts and foundations were very interested in both the catalytic competition concept and the specific focus on fostering innovation to address long term North East health challenges as proposed in the Health Quest North East project, but were unable to allocate resources from charitable funds to a public body, in this case NECA as the LEP's accountable body. As with the Edge Foundation, the preferred option would be to provide resources to a CLG or a CIC.
- 2.15 In the context of Data for Growth, Innovate UK will only support projects led by businesses or research organisations so were unable to allocate resources to support this project.
- 2.16 More generally, Innovate UK envisages that it will allocate resources from the new Industrial Strategy Challenge Fund on the same basis precluding the LEP, NECA or a local authority on its behalf, of taking forward strategic projects such as the proposed 5G Test bed identified in the SEP which is currently being developed by the North East LEP, NECA, NEXUS and other partners.
- 2.17 The structure of CLGs and CICs are both suitable for LEPs, we have examined both and felt the additional complexity of the CIC setup does not bring any additional benefits.

### **3. Evidence and Comparison**

- 3.1 Based on the Companies House data that is available, we have examined the activity by these companies. Out of the 20 companies set up by other LEPs, 13 are active with income and expenditure, sometimes at a very small level. Six are inactive either submitting returns as a dormant company or abbreviated returns within any income or expenditure and one is too new to file a return. We assume the latter have been set up to pre-empt future funding opportunities that cannot be secured through the accountable body model.
- 3.2 The majority of the companies do not include the administrative and operating costs of the LEP and run the company alongside the LEP, usually through the accountable body, as is the current structure within the North East LEP.

#### **4. Proposals**

- 4.1 Following this research we propose the setting up of a not for profit Company Limited by Guarantee to sit alongside the current North East LEP structure. The Company will have the function to apply for funding that is currently precluded by the current structure of the LEP from applying to support delivery of the SEP.
- 4.2 The company will then use the funding to support delivery of the SEP projects and this support for the SEP will be written into its Articles of Association. There will be a simple director structure. None of the staffing, administrative or operating costs of the LEP will be put through the company, which will allow abbreviated accounts to be submitted for years that do not have much activity.
- 4.3 For the avoidance of doubt, this proposal is regarded as an enabling initiative which will fill an identified gap in regional delivery architecture and will not seek to supplant the roles of other organisations or compete with private sector organisations.

#### **5.0 General overview of the Company Limited by Guarantee (CLG) model**

- 5.1 A company limited by guarantee is a common and well-established corporate structure for those organisations that are incorporated for non-commercial purposes such as the promotion and delivery of defined social objectives. This type of company is operated for the benefit of, and in accordance with, these defined objects. There is no shareholding so there can be no payment of dividends or distribution of any surpluses to the company's members. Any surpluses generated are re-invested within the company. Therefore, this is a "not for profit" corporate structure.
- 5.2 A company limited by guarantee has a well-established, clear and flexible governance model. The management of the company is vested in the board of directors who act in accordance with the defined objects and in the best interests of the company. The company's member(s) are effectively the owners of the company and to whom certain key decisions may be reserved under the articles of association. The member(s) will appoint the board of directors. The exact governance arrangements (e.g. the appointment and composition of the Board, its powers and the scope and extent of the members' reserved matters) can be designed to meet the specific requirements of the founder member(s). These arrangements will be contained in the company's Articles of Association. This is a flexible model and allows for the admission of additional member(s) to the company at a future date.
- 5.3 The structure is recognised by third parties (including potential grant funders) as a not for profit structure.
- 5.4 The executive team are working with legal advisers to address the key considerations. These are:
  - (a) What is to be the purpose and objects of the company?

The proposed company would operate effectively as a corporate subsidiary of the North East LEP and would be responsible for procuring external funding and the delivery of specific projects in furtherance of the SEP (rather than incorporating the existing North East LEP governance and accountable body arrangements which are to remain outside). The objects of the company would be aligned to the key objectives of the SEP.

(b) Who will be the member(s) of the company and what is to be the proposed relationship between the existing North East LEP and the company?

If the proposed company is to be a wholly-owned subsidiary of the North East LEP, it should be noted that the member(s) of the company will also need to be a legal entity. The North East LEP itself could not be the member as it is not a legal entity, and an alternative will need to be identified.

(c) The composition of the Board and the scope of the Board's powers will also need to be determined, as well as the extent of any reserved matters that will require the prior approval of the company's member(s).

(d) What will be the proposed operating budget for the company?

It is proposed that it would operate effectively as a shell subsidiary vehicle to be used on a case by case basis to procure third party funding and then deliver/commission specific projects based on this external funding. Staff resource and services would continue to be provided to the company by the North East LEP Executive Team, North East Combined Authority or partners as agreed.

## **6.0 Recommendation**

6.1 The Board is recommended to:

- a. Agree to a company limited by guarantee being established that sits alongside the current LEP model to be responsible for procuring external funding and the delivery of specific projects in furtherance of the SEP.
- b. Delegate the final approval of the final company structure to the Chair and Vice Chairs of the LEP Board in consultation with the NECA Monitoring officer and Executive Director of the LEP.



## **Annex A - List of the 38 LEPs and Companies Associated**

<b>Local Enterprise Partnership Name</b>	<b>Associated Company name</b>	<b>Company Type</b>	<b>Companies House Number</b>
Black Country LEP	BLACK COUNTRY CONSORTIUM LIMITED	CLG	05159791
Buckinghamshire Thames Valley LEP			
Cheshire & Warrington Enterprise Partnership	CESHIRE & WARRINGTON LOCAL ENTERPRISE PARTNERSHIP	CLG	04453576
Coast to Capital LEP	COAST TO CAPITAL	CLG	08166412
Cornwall and Isles of Scilly LEP	CORNWALL AND ISLES OF SCILLY LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07471437
Coventry and Warwickshire LEP	COVENTRY AND WARWICKSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	08210423
Cumbria LEP			
Derby, Derbyshire, Nottingham and Nottinghamshire LEP			
Enterprise M3			
Greater Birmingham & Solihull LEP	THE GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07635395
Greater Cambridge Greater Peterborough LEP	GREATER CAMBRIDGE AND GREATER PETERBOROUGH ENTERPRISE PARTNERSHIP LIMITED	CLG	07553554
Greater Lincolnshire LEP	GREATER LINCOLNSHIRE LEP LIMITED	CLG	09223395
Greater Manchester LEP	ECONOMIC SOLUTIONS LIMITED	CLG	02443911
Hertfordshire LEP			
Humber LEP			
Heart of the South West LEP	HEART OF THE SOUTH-WEST LEP C.I.C.	CIC	08880546
Lancashire Enterprise Partnership	LANCASHIRE ENTERPRISE PARTNERSHIP LIMITED	CLG	07388600
GFirst LEP	GFIRST LEP C.I.C.	CIC	09353067
Leeds City Region LEP			
Dorset LEP	DORSET LOCAL ENTERPRISE PARTNERSHIP C.I.C.	CIC	10246567
Leicester & Leicestershire LEP			
Liverpool City Region LEP	LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP	CLG	02753023
London Economic Action Partnership			
New Anglia LEP	NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07685830
North East LEP			
Oxfordshire LEP	OXFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	09519056

Sheffield City Region LEP	SHEFFIELD CITY REGION LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07941090
Solent LEP	SOLENT LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07569938
South East LEP			
South East Midlands LEP	SOUTH EAST MIDLANDS LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07652124
Stoke-on-Trent and Staffordshire LEP			
Swindon and Wiltshire LEP			
Tees Valley Unlimited			
Thames Valley Berkshire LEP	THAMES VALLEY BERKSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED	CLG	07885051
The Marches LEP			
West of England LEP			
Worcestershire LEP			
York, North Yorkshire and East Riding LEP			