

# North East Local Enterprise Partnership Board



Thursday 30 November 2017

17.00 – 19.00

Venue: Enterprise and Innovation Suite, Hope Street  
Xchange, A Centre for Enterprise & Innovation,  
Hind Street, Sunderland, SR1 3QD

## AGENDA

1. **Welcome from the Chair and apologies** (5.00pm)
2. **Minutes of the last Board Meeting held on Thursday 28 September 2017** (5.00pm) The Board will be asked to agree the Minutes.
3. **Cultural Partnership** – Verbal update (5.05pm)  
John Mowbray and Richard Evans to present to the Board
4. **Delivery Plan** – Paper attached (5.20pm)  
Helen Golightly to present to the Board.
5. **Enterprise Zone Update and Legal Agreement** – Paper attached (5:30pm)  
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.

6. **Funding Updates** – (5.40pm)
  - (a) **Funding update** – paper attached
  - (b) **LGF Funding decision - Gateshead Quays** – paper attached
  - (c) **LGF and EZ Funding decision – International Advanced Manufacturing Park (IAMP)** – paper to followHelen Golightly, Paul Woods and Simon Elliott to present to the Board.
7. **Policy Updates**
  - (a) **Energy Strategy** – paper attached (6:30pm)
  - (b) **State of the Region event** – paper attachedRichard Baker to present to the Board
8. **Board Membership** – paper attached (6.40pm)  
Helen Golightly to present to the Board

**THIS IS NOT A PUBLIC MEETING**

**9. North of Tyne Devolution** – paper to follow after formal announcement on Friday 24<sup>th</sup> November (6.45pm)

Geoff Paul to present to the Board

**10. Any Other Business**

**11. Date and Time of next meeting – Thursday 25<sup>th</sup> January 2018 from 5 - 7pm  
at The Northern Design Centre, Gateshead**

FOR INFORMATION

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

<https://www.northeastca.gov.uk/committee-meetings/north-east-leadership-board-background-information-papers>

# North East Strategic Economic Plan Programme Delivery update

November 2017

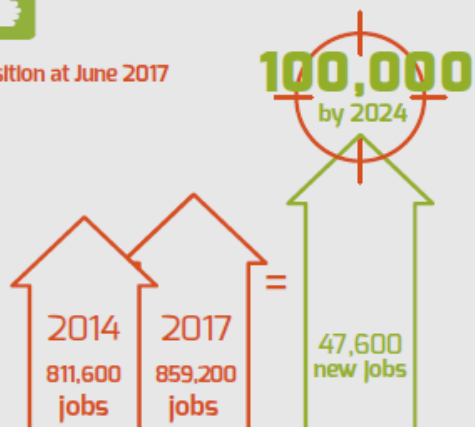


# Performance against Strategic Economic Plan targets since 2014 (Last updated Oct 2017)

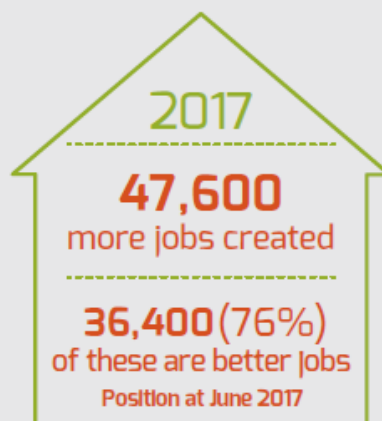
Target increase the number of jobs in the North East economy by 100,000 by 2024



Position at June 2017



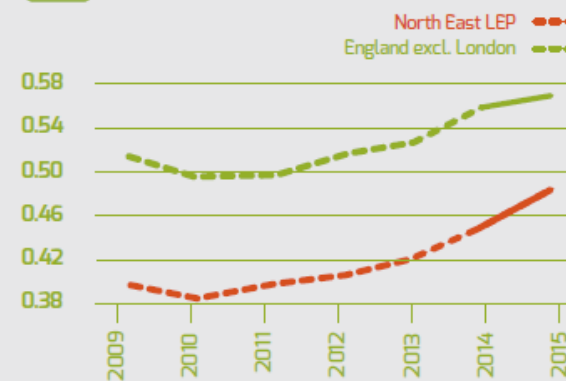
Target 70% of all jobs created from 2014 will be will be better jobs



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



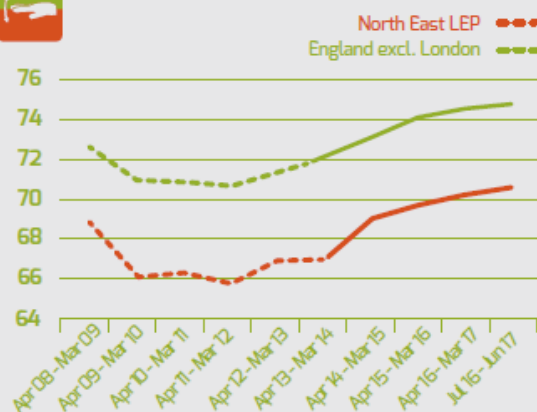
Position at 2015: 16.2% reduction



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



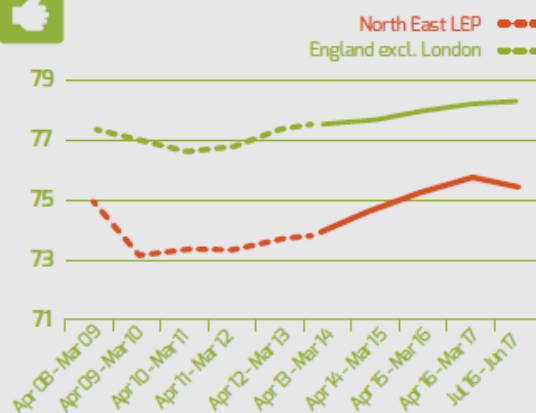
Position at June 2017: 21% reduction



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



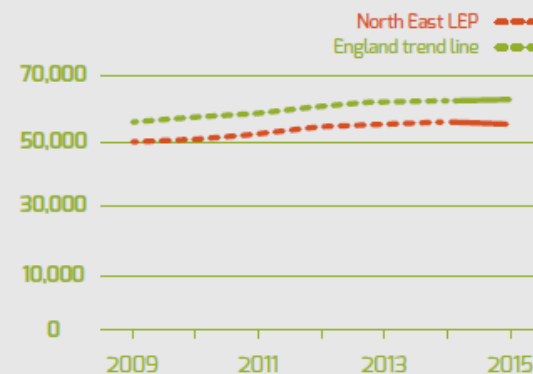
Position at June 2017: 21% reduction



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



Position at 2015: 9% increase



# Innovation Programme | Lead: Helen Golightly

## 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 has continued with an update provided to the Innovation Board in September 2017.	<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>	Helen Golightly with Durham Uni	A
<b>Set up a programme to support the development of a stronger network of incubators and innovation hubs</b>	<p>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 and has been successful at first stage. The Incubator demand report which the LEP supported has reported highlighting areas of incubation demand.</p> <p>The full Local Growth Fund application to support incubator development has been approved a first call is scheduled to be launched by January 2018.</p>	<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>	Helen Golightly	A
<b>Communicate the proof of concept funding landscape to business</b>	Venturefest, Finance Camp and Challenges have been successfully delivered in 2017. Planning continues for future 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>	Helen Golightly	G
<b>Established North East Innovation Leadership</b>	The refresh to the LEP Innovation Board, establishing Programme Delivery Board and Strategic Steering Group has now been implemented with the first meeting of the Delivery Board on the 21 <sup>st</sup> September. New members for the Digital and Health and Lifescience Sectors are currently out for advertisement to complete the Board membership.	Innovation Leadership is not recognised or understood by partners- a particular risk of this is presented during the change over in Innovation Director post. Lack of understanding of North East strengths results in poor/ not strategic project development.	Helen Golightly	G
<b>Secure support for relevant national Science and Innovation Audits</b>	The North East LEP has supporting the successful submission of Science and Innovation audits for the Bio-economy in the North and Subsea and Offshore. The Round 3 application has been revised in light of Government feedback and resubmitted to a short deadline. This was approved alongside the two other audits involving the North East – chemical processes and health innovation.	Delivery of audits is incomplete or is not embedded in national policy.	Helen Golightly	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 continued to be strong. The national cross-catapult initiative has not been successful but the local cross-catapult work continues and LEP relations with Innovate UK remain strong.	Relationship is not maintained with key investment opportunities missed or focused on other areas of the country.	Helen Golightly	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. The proposal for LGF to support project development has been submitted and positively received.	Projects are delivered without meeting the Innovation Programme strategic objectives.	Helen Golightly	G
<b>Establish at least one test bed facility</b>	The LEP has supported the 5G test bed development project using LGF. This has been used to establish a project team with the a lead and support officer appointed and in post..	Government does not back this.	Helen Golightly	G
<b>Set out long term North East Innovation Infrastructure needs</b>	This work is being scoped.		Helen Golightly	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. The Automotive Alliance and other partners have joined a group to deliver on the advanced manufacturing agenda.	All strategies are not completed or do not bring together the right sector lead partners.	Helen Golightly	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 this is being taken forward within the Science and Innovation Audit activity to ensure alignment.	Lack of clear lead partnership to deliver against Data for Growth delays progress.	Helen Golightly	G
<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.	Helen Golightly	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 scaleup 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>Scaleup North East:</b> More high growth businesses will help us to secure economic resilience and increase private sector employment				
<b>Scaleup North East Programme:</b> Supporting more businesses to achieve and sustain high growth				
<b>Scaleup North East Programme</b>	<ul style="list-style-type: none"> <li>• LGF and ERDF funding are secured for the programme, managed by RTC North Ltd. Mobilisation activity continues at pace with robust project management and risk management frameworks in place. Priority activities are recruitment, process/grant administration arrangements and communications planning. See <a href="http://www.scaleupnortheast.co.uk">www.scaleupnortheast.co.uk</a></li> <li>• We are maintaining a monthly data set of high growth companies, utilising high growth and innovation scores to identify those with highest growth levels and greatest potential for active targeting.</li> <li>• Soft launch activities will take place in November and December. The formal launch takes place on 26th January 2018.</li> <li>• At the time of writing, we are awaiting the Government's budget announcement on 22nd November which is anticipated to announce information on the future funding of Growth Hubs and scale up activities.</li> <li>• We continue to represent LEPs and Growth Hubs nationally on the Scaleup Taskforce chaired by Margot James MP and the Northern Powerhouse Growth Hub network.</li> </ul>	<p>Potential that slow recruitment of businesses on to the programme, impacts the achievement of KPI's 2 &amp; 3. Failure to identify and recruit Scaleup Partners of the required calibre could impact the delivery of the services value proposition.</p> <p>Risk that the need to deliver ERDF outputs compromises delivery quality and ability to deliver real and measurable impact (KPI 5/6/7).</p>	Colin Bell	<b>G</b>
<b>Inspiring leaders:</b> Encouraging and facilitating peer mentoring and introduction				
<b>Growth through Mentoring</b>	<ul style="list-style-type: none"> <li>• Growth through Mentoring has made 22 matches in year. We have seen a marked change in performance with October being our best month for matches (5 in total). There are a further 7 matches in the current pipeline. Our pool of mentors has grown to 26 with a further 9 mentors in the pipeline.</li> <li>• Feedback from the programme is excellent.</li> <li>• The Northumbria University research project is well under way with 9 mentees and mentors engaged.</li> </ul>	Allowing the target of 50 matches to impact delivery quality.	Colin Bell	<b>A</b>
<b>Captured Programme</b>	<ul style="list-style-type: none"> <li>• During 2017, the programme ran five cohorts with 28 micro and small businesses participating alongside 27 managers from 15 large firms. In order to meet LEP targets for the programme, two additional cohorts will run in early 2018. Captured 2018 will be launched on 27th November.</li> <li>• An interim evaluation report has been prepared which sets out key findings and impacts for both micro/small and large firms.</li> </ul>	Failure to bring enough companies onto the programme, both micro/small businesses and managers from large businesses.	Colin Bell	<b>G</b>

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>The Experience Bank</b>	<ul style="list-style-type: none"> <li>The Experience Bank brings together entrepreneurs with Non-Executive Directors (NEDs).</li> <li>The service launched in Newcastle on 27th September. Expressions of interest are now being received from interested NEDs to join the Experience Bank.</li> <li>The programme will integrate with the Growth Hub Scaleup programme.</li> </ul>	Attracting high quality Non-Executive Directors. Identifying and engaging with businesses looking for a NED. Delays to The North East Fund, could impact demand.	Colin Bell	<b>A</b>
<b>Manufacturing Growth Programme</b>	<ul style="list-style-type: none"> <li>An independent evaluation of the MGP is underway to inform Scaleup North East.</li> <li>We are awaiting final output figures. Thirty seven companies have benefitted from the programme and 32 interventions are complete.</li> <li>Whilst these forecasts are likely to change at outturn, outcomes from the 32 completed interventions indicate that: <ul style="list-style-type: none"> <li>- 4.3 new jobs will be created per business</li> <li>- Annual turnover will increase by £28.8m, an average increase of £900k per business</li> <li>- GVA will increase by £8.98m, an average of £280k per business</li> </ul> </li> </ul>	Original intended output of 'number of companies supported' was attained although impacts have been exceeded. Evaluation contract will be kept tightly on track in order to inform development and mobilisation of the Scaleup North East programme.	Colin Bell	<b>A</b>
<b>'Be the Business' Productivity Pilot - Growth Hub: High Performance</b>	<ul style="list-style-type: none"> <li>The Growth Hub is working with the national Productivity Leadership Group (PLG) to deliver a pilot project that we have designed to tackle the UK's productivity challenge. This high profile project will work with <a href="http://www.bethebusiness.com">www.bethebusiness.com</a>, developed by the PLG to drive forward the recommendations made by Sir Charlie Mayfield in the Industrial Strategy Green Paper.</li> <li>Our objective is to test the effectiveness of the Growth Hub as a route to market for the PLG. The pilot will engage 15 businesses with between 10 and 50 employees and introduce them to a blended programme of performance coaching, performance workshops and best practice visits to exemplar businesses.</li> <li>See <a href="http://www.northeastgrowthhub.co.uk/business-support/rtc-north/growth-hub-high-performance">www.northeastgrowthhub.co.uk/business-support/rtc-north/growth-hub-high-performance</a>.</li> </ul>	Developing generic content (e.g. around leadership) that does not effectively address the specific drivers of productivity improvement identified by the PLG.	Colin Bell	<b>G</b>
<b>Access to finance: Ensure access to the finance required to grow and scale by developing new and existing partnerships that provide objective and impartial access and attracting investment funds from outside of the region</b>				
<b>The North East Fund</b>	We are at the same position as last reported to Board in September. We remain confident that progress in securing the EIB investment in the North East Fund will be achieved.	Brexit and General Election could impact on delivery timescale of North East Fund.	Colin Bell	<b>A</b>
<b>Rural Growth Network (LGF)</b>	<ul style="list-style-type: none"> <li>Currently in year 3 of the four year programme, 28 projects are approved or committed. Of these, 14 projects are complete, 13 are in progress and 1 project is in appraisal.</li> <li>£4.27m has been committed against a total LGF commitment of £6m, with 27% of LFG spend complete to date.</li> <li>The RGN Executive continues to carry out its delegated role (from ESIF Sub Committee) to verify the strategic fit of RDPE growth programme applications.</li> </ul>	Projects fail to come forward with full applications or too many applications submitted for the funding available.	Colin Bell	<b>G</b>



SEP Action	Progress/ current position	High level risks	Lead	Status
RDPE Growth Programme (EAFRD)	<ul style="list-style-type: none"> <li>A process of reallocation of resources has been completed nationally. Our allocation has increased from £9.7m to £10.4m.</li> <li>The deadline has been extended to 31st May 2018, with a corresponding extension to the claims deadline. This will enable a greater allocation of funds.</li> <li>The LEP continues to publicise the programme on behalf of the RPA to stimulate demand.</li> <li>With respect to allocations, of the initial call value of £9.7m, current pipeline spend stands at £4.4m i.e. 45% of total allocation.</li> </ul>	Projects fail to come forward with full applications or too many applications submitted for the funding available.	Colin Bell	<b>G</b>
Access to finance: Develop the finance offer and ensure objective access	<p>Review the current finance landscape</p> <ul style="list-style-type: none"> <li>Business Growth Board 12 Sept: agreed to defer this activity until clear position known regarding the North East Fund.</li> <li>Once instigated, the review will need to keep tightly on track in order to maximise its ability to inform the Scaleup North East programme.</li> </ul>	Capacity to inform the development and mobilisation of the Scaleup North East Programme is compromised due to the delay to this activity	Colin Bell	<b>A</b>
	<p>Patient capital review</p> <ul style="list-style-type: none"> <li>No further action required.</li> </ul>	No risks identified.	Colin Bell	<b>G</b>
<b>Encourage the adoption of digital technology: Work with partners to encourage digital adoption as part of the Scaleup North East Programme</b>				
Digital adoption - As part of the Scaleup North East Programme	<p>As previously reported, digital adoption is being integrated in to the Scaleup North East Programme reported above.</p> <p>The Productivity Leadership Group's 'Be the Business' project is now established. See above</p>	Challenges in recruiting high profile business leaders to engage in scaleup activity – risk to be incorporated in to Scaleup North East programme management.	Colin Bell	<b>G</b>
<b>Support business growth focused on areas of opportunity</b>				
Work with sector groups	<ul style="list-style-type: none"> <li>Scaleup Partners are being recruited by RTC North to provide coverage across areas of smart specialisation.</li> <li>Advanced manufacturing strategy is in progress. Phase one will focus on the development of an Automotive Strategy with a specific focus on opportunities for process innovation and on vehicle technology. The findings will help to identify key projects, areas of focus and support associated funding bids (e.g. Industrial Challenge Fund).</li> </ul>	The extent to which recommendations are put forward and incorporated in to the Scaleup North East programme depends on the success of these sector groups.	Colin Bell	<b>G</b>
<b>North East Growth Hub – A single access point for business information, advice and financial support</b>				
Continuous development of an effective platform	<ul style="list-style-type: none"> <li>The Growth Hub continues to exceed targets and Growth Hub performance is strong whilst we continue to improve the scaleup customer journey and enhanced use of content and lead generation technology to further improve performance.</li> <li>Six month figures show a monthly increase in the number of website sessions, from 2,837 in April to 4,416 in September and totalling 19,801.</li> <li>The average session duration has decreased slightly over the six month period, from 3 minutes 27 seconds to 02:07. Users are viewing an average of 2.8 pages.</li> <li>Referrals through to provider / scheme websites stood at 870 referrals in September, up from 626 in April, and totalling 4,162. There were a total of 9,034 visits to provider 'scheme' pages.</li> </ul>	<p>Growth Hub doesn't effectively generate leads.</p> <p>Apathetic providers are unaware of the level of leads the growth hub is providing them with.</p> <p>Uncertainty regarding the long-term funding position.</p>	Colin Bell	<b>G</b>

SEP Action	Progress/ current position	High level risks	Lead	Status
Growth Hub Content	<ul style="list-style-type: none"> <li>Redevelopment is complete with new branding and a revised content strategy in place which will return dynamic and 'talkative' content to users on a defined range of scale up related topics and link directly to our Growth Hub Live events and media activity.</li> <li>Work continues on bespoke content, notably export (in collaboration with Exporting is GREAT partners) and business resilience (in collaboration with business continuity stakeholders).</li> </ul>	Resources not available to implement full content strategy	Colin Bell	A
Growth Hub Live	<ul style="list-style-type: none"> <li>Each event focusses on a key theme identified in the Scaleup Institute's key recommendations and will be supported with content on that particular theme on the Growth Hub.</li> <li>The first event took place at Ramside Hall on 15 September on 'Growing talent in your business'. The event was held with Andrew McMillan, formerly of John Lewis. 82 businesses attended. 98% of the business found the event satisfactory or above.</li> </ul>	<p>Fails to attract businesses with Scaleup potential.</p> <p>Fails to recruit adequate number of businesses. Doesn't deliver desired experience.</p>	Colin Bell	G
Growth Hub Business Support Providers' Network	<ul style="list-style-type: none"> <li>We are deepening our engagement with the provider network to ascertain the potential impacts to business given that the business support provider network is heavily reliant on EU funding.</li> <li>A total of 21 projects are either allocated or legally committed under ERDF Priority Axis 3 which is targeted to create 6,282 FTE jobs (of which 2,338 FTE jobs or 63% of jobs outputs are attributable to the North East Fund).</li> <li>This represents significant exposure to EU funding under Priority Axis 3 (Enhancing the competitiveness of SMEs) and other axes, notably Innovation and Low Carbon. A task and finish group is underway to map exposure which will inform our existing discussions with BEIS and DCLG. It also informs the North East LEP-wide Brexit Working Group.</li> <li>The deadline for PA1 and PA3 calls passed on 10th November 2017. £13.7m was available allocation under PA3 and £9.5m under PA1. A further PA3 call is expected in March 2018 for international trade support.</li> </ul>	<p>Lack of engagement of providers impacts on content and referrals. Post-Brexit, the demise of EU funding will impact on business support provider services.</p> <p>The new proposed Shared Prosperity Fund fails to address business support issues.</p> <p>The new proposed Shared Prosperity Fund fails to address local and regional business growth challenges.</p>	Colin Bell	A
<b>Building our trade flows: Increase export activity</b>				
Growth Hub Live	<p>Work with partners to enhance the business growth offer for exporters</p> <ul style="list-style-type: none"> <li>The Trade Mission to Karnataka is proceeding from 21st November to test how our area can drive trade through the development of civic and commercial relationships. The mission is being developed via the Federation of Asian Business. A return visit from India will coincide with the Great Exhibition of the North.</li> </ul>	Failure of Karnataka agreement to come forward.	Colin Bell	G
	<p>Stimulate greater awareness and demand for export</p> <ul style="list-style-type: none"> <li>The Growth Hub will feature enhanced content.</li> <li>The ERDF-funded export support programme managed delivered by North East World Wide continues to perform well.</li> <li>We continue to work closely with the DIT local delivery team and to drive referrals to export services.</li> </ul>	DIT activity is constrained by budget restrictions. This may impact on the content coming forward to the LEP.	Colin Bell	A
<b>Early response and managing change – Ensure a rapid response to economic shocks and other impacts</b>				
Develop a collaborative approach to responding to negative economic and other impacts	<ul style="list-style-type: none"> <li>The LEP continues to monitor current planned closures, particularly Coty (Northumberland) and Walkers (County Durham). We understand that whilst large numbers of employees are at risk, risk to the North East supply chain is minimal.</li> <li>A procedure is in place internally and with the Cities and Local Growth Unit support to ensure rapid response to Government-led initiatives and funding in response to flooding or other major shocks.</li> </ul>	<p>Effective coordination between partners is essential.</p> <p>New projects to be funded under ERDF fail to address potential impacts to supporting business post-Brexit.</p>	Colin Bell	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Strengthening flows of inward investment – driving growth and employment</b>				
Build the strength, profile and coherence of the North East's inward investment offer	<ul style="list-style-type: none"> <li>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. Figures for the first six months of 2017/18 are currently being finalised. Indications are that project successes are strong but job numbers are down on last year.</li> <li>A new set of marketing collateral will be used to promote the North East as an investment location to companies in the five key target sectors and a number of significant sub sectors.</li> <li>Events attended/sponsored in Oct and Nov to engage with potential inward investors: MIPIM UK; VRTGO; TIGA Awards; Offshore Wind North East. INEE was accompanied to all these events by local companies as well as the associated wrap around activities organised by INEE.</li> <li>NECA is responsible for facilitating an increased programme of account management of foreign direct investors located in the North East, delivered by LA partners and funded through the DIT. Early results on this programme look encouraging.</li> </ul>	There are two main risks associated with all elements of the inward investment programme: 1. Impact of Brexit on ability to attract new FDI 2. We no longer have access to financial incentives whereas key competitors do (Sheffield £27m pot for inward investors + same for indigenous. Leeds £13m, Tees Valley £10m, Liverpool £30m).	Guy Currey	<b>G</b>
Develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains	<ul style="list-style-type: none"> <li>Proactive lead generation work began in March 2017. This work is focusing on generating new investment leads primarily from companies based in London and SE England (but with an additional focus on opportunities in Ireland) in the digital sector as well as financial, professional and business services sector.</li> <li>The first six months of the contract has produced some very interesting project leads. These have led to a number of visits to the North East with projects which could lead to over 1,000 jobs (in manufacturing and professional). As a result, the contract has been extended for a further six months to build on this early promise.</li> </ul>		Guy Currey	<b>G</b>

# 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
North East Ambition - A programme of activity centred around the Good Career Guidance benchmarks.				
Support secondary schools and colleges who wish to adopt the benchmarks	<p>Schools and colleges are achieving the Benchmarks. Widely acknowledged as transformational activity, DfE expected to announce new careers strategy, including the career benchmarks in late Autumn 2017.</p> <p>Good Career guidance is being introduced as part of the Industrial Strategy.</p> <p>Regionally the work of the pilot has been scaled up to become North East Ambition and this was launched over the summer to start in September 2017. In line with this the secondment and funding for the facilitator, has been secured until end March 2019.</p> <p>The follow-up event held in October for the careers leads from schools and colleges was extremely well attended with over 100 delegates This event is the first of a regional, termly career leaders network. Working groups continue for SEND, Destinations and LMI.</p> <p>A new working group focussing on colleges and the technical reforms met again in October and are continuing to work with Gatsby and the DfE regarding benchmarks in colleges.</p> <p>Following the international visit from the Fundacion Bertelsmann (Spain) we are continuing to work with a number of national and international partners who are interested to see how a region has been able to significantly impact national policy and achieve position change.</p> <p>The Skills Minister referenced the work of the North East and the pilot in her speech at the National Careers Conference in November. The Facilitator for the pilot was invited as a key note speaker for the event.</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

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Ensure all secondary schools have access to Enterprise Advisers</b></p>	<p>Over 120 Enterprise Advisers now 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 sectors</p> <p>82 schools and colleges now matched and a focus is on supporting those schools achieve the benchmarks above.</p> <p>The strategy we adopted to ensure carefully matching has been successful, not only are we leading the way nationally now in terms of successful matches made between Enterprise Advisors and schools / colleges but they are sustained matches.</p>	<p>Changes in government and policy may mean a change to the funded element of the programme</p>	<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Develop and deliver the Pupil Mentoring programme</b></p>	<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. 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.</p> <p>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> <p>Take up from both businesses and schools has been good, exceeding expectations and quarterly targets. The LEP is working with Leonard Cheshire to try to expand the pilot by sourcing match and / or additional funding</p>	<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.</p>	<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Develop and roll out a pilot Primary Schools Benchmark programme</b></p>	<p>Some funding has been sourced. Seeking further funding to facilitate delivery of the pilot. On-going discussions with Department for Education / Career &amp; Enterprise Company and others. Meetings are scheduled throughout the summer with various education foundations, trusts and charities to seek a primary funder.</p>	<p>A lack of funding may mean the benchmarks do not commence in September 2017</p>	<p>Michelle Rainbow</p>	<p>A</p>



SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Excelling in technical and professional education</b> - Working with providers, education establishments and businesses to develop the capacity and facilities to provide world-class academic, technical and professional education.</p>				
<p><b>Promote higher skills</b></p>	<p>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.</p> <p>Technical Qualifications (T-Levels). The proposed implementation of the recommendations from the Sainsbury Review is hoped to bring a step change to the provision and quality of technical education. The plan is that 15 new T-level course will replace the 13,000 qualifications currently offered. The design of the routes will be closely aligned with apprenticeships so students can progress on to higher or degree apprenticeships.</p> <p>Gatsby Foundation will be working with the LEP regarding a routes-ready pilot which we are anticipating will go live early in 2018. We are proposing, in collaboration with Gatsby, to commission a deep dive review into the technical education sector, defined as levels 3-5 that provides education and training for technician occupations” in the North East LEP region; specifically focussing on the capacity of the sector to deliver relevant vocational and technical skills for the future employment base in the area.</p> <p>The North East LEP region has growing demand for technician skills; both in terms of replacement and newly created jobs, and occupations in this sector also aligns with some of the areas of opportunities that have identified as priority growth areas for the region. While there is some excellent quality provision of technical education in the region, there is work to be done to ensure that:</p> <ul style="list-style-type: none"> <li>(i) appropriate technical education pathways are available reflecting the evolving labour market for technician level skills, and:</li> <li>(ii) The review will provide intelligence to help the sector make investment decisions regarding infrastructure to deliver this provision (i.e. facilities and teaching staff).</li> </ul> <p>The LEP, Skills Director was invited to join a fully funded study visit to Finland in November, run by the Erasmus+ project. It was an opportunity to see first- hand the Finnish VET (Vocational Education Training) System and o understand how some of the potential challenges to the T-level introduction may be overcome. The Finnish education system is widely regarded as the best in the world and there are synergies to the proposed model of reform to the technical education and T-levels.</p>		Michelle Rainbow	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Encourage more and higher level apprenticeships with a key sector focus</b></p>	<p>Apprenticeship Growth Partnership meetings continue and the 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>The LEP is supporting the national campaign to raise awareness and promote apprenticeships to employers, young people, schools and parents.</p> <p>Collective concerns have been raised the AGP regarding the development of new standards and associated issues. A number of businesses and sector organisations are in dialogue with the Institute of Apprenticeships regarding specific issues. A priority for the LEP is to monitor the KPIs regarding uptake of apprenticeships, particularly in key sectors against national performance. We are anticipating the latest data release at the end of November and will provide an update on apprenticeship starts figures within the LEP area. The national figures demonstrated a decrease in the number of apprenticeship starts compared against last year's</p> <p>The LEP has developed a web page within the Growth Hub offering links to support, events and advice to businesses wishing to take on an apprentices as well as guidance regarding the apprenticeship reforms.</p>	<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.</p>	<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Develop an approach to spousal support</b></p>	<p>This is part of an overall strategy for inward investment and development is on-going and initial discussions with NGI have been positive.</p>		<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Higher Education - Working in partnership with our four universities, colleges and employers to support economic growth and to ensure we have job ready graduates with the skills needed and high quality opportunities for them.</b></p>				
<p><b>Support universities spin-outs and start ups</b></p>	<p>Work is currently underway to evidence how many of the regions 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.</p>		<p>Michelle Rainbow</p>	<p>G</p>
<p><b>Support universities to retain graduate talent in the North East</b></p>	<p>Working with sector organisations to articulate demand for graduate level skills and working with universities to consider future provision and opportunities.</p> <p>Communications campaign being developed to encourage graduate retention in the region with case studies profiling opportunities in key sectors.</p> <p>Discussions underway with Universities UK regarding the career benchmarks and university career guidance. Proposal for a pilot / joint working submitted and we continue to work with Universities UK to refine an approach. A meeting was held in early October with representatives of the four universities in the North East LEP area to explore this further and a further meeting is scheduled for January following some work with the universities collectively regarding a potential cohort for the pilot.</p>		<p>Michelle Rainbow</p>	<p>G</p>

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Support universities to develop knowledge transfer partnerships</b></p>	<p>Working with the Business Growth and Innovation Programmes to understand how the universities and their R &amp; D can support economic growth and benefit businesses and wider communities in the North East.</p>		Michelle Rainbow	G
<p><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.</p>				
<p>Develop and deliver an Education Challenge programme</p>	<p><b>Governance</b>            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>Placement opportunities for teachers and lecturers - Over 2016/17 a number of pilot placements for teachers (STEM) were sourced in businesses throughout the region. Learning / best practice from this pilot is being shared and further funding is being considered.</p> <p><b>Next Generation Learning UK</b>            As part of the Education Challenge we have been researching international examples of good practice in raising attainment in schools through high quality business engagement in education.</p> <p>The Academies of Nashville approach has proven to be one of the most impactful models globally with 12 of the lowest performing schools in the US being transformed into some of the highest performing in terms of attainment and attendance. The model places regional / economic needs and employer engagement at the heart of the improvement process. The model has been adapted successfully to 25 states in the US.</p> <p>The North East LEP has been selected to partner with Edge Foundation and Ford Next Generation to lead and deliver the first international translation of this model.</p> <p>We will work with three schools and business partners in the region to test elements of this successful model and adapt it for the English education system. A delegation from the North East was funded to visit Nashville in late September to begin this work, which will support the definition and delivery of the North East Education Challenge.</p> <p>Following the US visit, the pilot is now in the development stage and we are working with CBI, Edge and Ford NGL. . DfE, City &amp; Guilds and OFSTED are supportive of the approach and Ministers and local MPs have been briefed.</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
<p><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.</p>				
<p><b>Develop a Fuller Working Lives (FWL) strategy</b></p>	<p>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, along with partners from the public, private and voluntary sectors.</p>		Michelle Rainbow	G
<p><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>	<p>We wish to understand better the barriers, opportunities, unconscious bias and other factors with employers.</p> <p>We conducted a survey of our network early in the summer to canvas the opinions of a wider employer audience and used the findings of that survey to inform the discussion and debate during a September event. CIPD, Sage and Newcastle University hosted the event on behalf of the LEP</p> <p>Good Progress is being made , the above event was titled 'Unlocking the value of your Older Workforce' – in partnership with CIPD NE branch. The event was supported by the DWP's lead Economic Advisor for Fuller Working Lives and by Aviva, the government's 'independent business champion' and attend by 75 businesses.</p> <p>As part of the event we launched a small pilot in partnership with DWP and the National Careers Service. The pilot will test if LEPs acting as a broker organization between employers and the National Careers Service can improve the take up of the NCS offer for older workers (aged 50 and over). The pilot will run for a period of six months initially.</p> <p>Finally we plan to refresh the membership of the task and finish group to reflect more fully business engagement, particularly those demonstrating evidence of good practice and the next meeting is in November..</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
<b>Fit and well for work - support people with health conditions to find and maintain employment</b>				
<p><b>Support primary care professionals in helping people access support to get them back into work</b></p>	<p>Health and Wealth – Closing the Gap in the North East. The report has been produced and shared with partners with 10 recommendations clearly articulated to bring about transformational change.</p> <p>The DWP ‘Opt-In’ programme for the North East is utilising £6m European Social Fund (ESF) to test a local approach to support 2,500 long term unemployed residents with health conditions to find work over 2017-19. The programme is delivered by Working Links. In early October DWP advised the LEP that due to performance in the ESF more developed category area (Northumberland, Tyne and Wear) falling below 70% of profiled performance, a clause in the contract can trigger a contract variation to widen the eligibility cohort criteria to include all groups of unemployed people, rather than the intended target groups. The terms of the opt-in agreement state that any variation should be in consultation and agreement with the LEP. At a meeting with DWP on 24th October, LEP representatives made the case that the contract should not be varied on various grounds.</p> <p>Despite the case made by LEP representatives, DWP made the decision to vary the contract by widening eligibility criteria with effect from November. DWP was advised at the meeting that reports to Leadership Board, LEP Board and the ESIF Sub-Committee would note the LEP preference is to retain the original cohort eligibility and not vary the contract by widening eligibility.</p> <p>An ESF call was launched in September to support up-skilling and re-skilling of employees working in the Health and Social Care sector. The North east LEP will held an event to promote the call and to allow Technical Assistance colleagues to meeting with potential bidders.</p>	<p>Partners do not embrace and take forward</p> <p>A contract variation widening the eligibility criteria changes the strategic focus of the programme.</p>	<p>7 LA Chief Executives</p> <p>Michelle Rainbow</p>	G
<p><b>Use initiatives to provide more joined up support for individuals with moderate mental health issues return to work.</b></p>	<p>The Mental Health Trailblazer is piloting integration of employment and mental health services. The programme targets support to long-term unemployed residents with depression and anxiety acting as barriers to work. By the end of September, the programme had a total of 191 participants, 34 participants to date have moved into employment. A request to DWP for extension of the trial to March 2019, to allow a full two years of delivery and significant evaluation sample size, has not yet been processed. Approval of the extension will be prioritised in quarter 4.</p>	<p>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.</p>	<p>Northumberland County Council</p>	G



SEP Action	Progress/ current position	High level risks	Lead	Status
<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. The Programme Leader for BHAWA, based at the TUC is part of the Fuller Working Lives Task & Finish Group and will be delivering a seminar about BHAWA and how employers can access it. Referral to the award will be on-going as a suggested means that employers can hope to 'retain' holder workers. The LEP are promoting the Award and are looking to undertake an assessment of their own BHAW.		Michelle Rainbow	G
<b>Continue to address the importance of in work progression and job equality</b>	A number of ESF calls have been launched by DWP which 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 Most of calls are now closed and bids are being assessed by the ESF team within the Managing Authority. The outcome of those bids assessed at outline application stage is pending .	Poor response to the calls due to restrictions placed on ESF applicants. E.g.: the requirement to have all match funding confirmed at full application stage which restricts the ability to source private match during the course of the project delivery.	Michelle Rainbow	G
<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 scale up 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 4140 young people, of which 1889 have moved into employment to date, 1105 of those gaining employment have now sustained employment for 6 months or more. Generation NE funds have also supported a further 756 participants, 345 into work thought provision of match-funding for Durham Works. Overall the project has exceeded all targets and continues to perform well.  Delivery of Generation NE now covers the full North East LEP /NECA geography and has been positively received by JCP. Support includes digital support and participants have the opportunity to access mock interviews via Skype and support to create CVs and complete application forms.  A call for projects to support young people into employment and training was released under the European Social Fund in July 2017. An application was developed by a cross authority working group and submitted on behalf of Generation NE in September to extend the programme. A decision on outline approval of the application is pending.	Application for any suitable future calls for projects through ESF will be considered as a means to extend the programme.	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. To date, there were 2833 verified participants which is on profile for the overall project.	Risk of not securing future ESF funding	Durham County Council	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Ensure young people have the access to support and skills required to progress employment.</b>	<p>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.</p> <p>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. This has been difficult to secure from all of the providers to date.</p> <p>Work is on-going to secure future funding for employment services for young people</p>	<p>Collaboration across service providers is voluntary. The service contracts awarded by 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.</p> <p>Uncertainty about future funding, in particular ESF funding</p>	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
<b>Active inclusion – increasing levels of economic activity in our economy for those individuals with multiple barriers to employment, which are furthest from the labour market.</b>				
<b>Build capacity in the voluntary and social enterprise sectors to support people who are excluded from work.</b>	<p>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.</p> <p>A further £19 million worth of contracts have been issued by Big Lottery's Building Better Opportunities programme to support those furthest away from the labour market. This will support 4500 individuals on pathways to employment.</p> <p>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 which will be discussed at the next meeting.</p>	Securing additional ESF//Big Lottery funding currently being considered at a national level. No date has been given for a decision as yet.	Michelle Rainbow	A
<b>Provide targeted support to those with protected characteristics.</b>	An ESF call was launched in September 2017, with a focus on supporting those with protected characteristics who are furthest away from the labour market. The outcome of the call is pending.		Michelle Rainbow	G
<b>Seek to address long term imbalance within the work place and key sectors that relate to gender, discrimination and disadvantage.</b>	A number of projects are being delivered locally by a number of different organisations.		Michelle Rainbow	A
<b>Adopt a community-led local development approach within our communities suffering from significant deprivation.</b>	Projects are currently at Funding Agreement stage and are ready to go live soon.	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 local plan adopted July 2017</li> </ul> <p><b>Local Plans in development are:</b></p> <ul style="list-style-type: none"> <li>Durham</li> <li>Sunderland</li> <li>South Tyneside</li> <li>Northumberland County Council</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 Economic Directors Group on the 15 <sup>th</sup> September. Further work will continue through the LA7 Housing and Planning group on updating the relevant Duty to Cooperate documents.		7 LA Chief Executives	G
<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	A

# 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. Concerns over delivery of one LSTF cycle scheme	Helen Mathews	G
<b>Continue to roll out flexible public transport ticketing</b>	<p>Transport for the North (TfN) and partner authorities are developing 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. Progress in agreeing terms of engagement with major bus operators has been slow.</p> <p>Nexus is involved in plans to develop a test bed and series of trials for 5G Technologies across the North East. A Project Team has now been mobilised, who are refining the proposition that will be presented to the Department for Digital, Culture, Media and Sport. ITSO (the National Standards body for Smart Ticketing) is seeking to support a Host Card Emulation (your phone becomes your POP Card) trial on Metro. A successful "Proof of Concept" test was completed in September.</p>		Tobyn Hughes	G
<b>Continue joint management working of our transport system</b>	NERMU has established liaison with Cross Country trains following appointment of their new Stakeholder Liaison Manager (North), providing a point of contact that was not previously available. The refresh of Rail North's Long Term Rail Strategy is on track for a draft to be available in good time for the Special Meeting of Rail North Association on 16th November. Development of their Long Term Fares Strategy is running in parallel.		Helen Mathews	G
<b>Develop and expand the Urban Traffic Management and Control Centre (UTMC)</b>	UTMC NPIF bid successfully received funding, relocation and refresh of the back office continues.		UTMC team	G
<b>Identify and begin to deliver strategic schemes to enhance connectivity</b>	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>	<p>On 19<sup>th</sup> October the Department for Transport announced that seven schemes in the NECA area have been awarded NPIF funding, receiving the total amount asked for. The successful schemes are as follows:</p> <ul style="list-style-type: none"> <li>• A189 Improvements Haddricks Mill to West Moor (North Tyneside)</li> <li>• Improvements to Northern Gateway (North Bridge Street) (Sunderland)</li> <li>• Expansion of Tyne and Wear UTMC services (Newcastle)</li> <li>• A19 / A182 junction capacity enhancements (Durham)</li> <li>• Sunderland Road Link (Gateshead)</li> <li>• A194 / B1306 Mill Lane Roundabout (South Tyneside)</li> <li>• A19 / A194 to A19/A185 Lane Gain / Lane Drop (South Tyneside)</li> </ul> <p>The amount of funding awarded across all seven schemes is £18.46m</p> <p>Two bids from the region were successful in receiving Highways Maintenance Challenge funding – Heworth Roundabout in Gateshead and Rural routes in Northumberland.</p>		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		Helen Mathews	G
<b>Transport Innovation</b>				
<b>Commission the Go Ultra Low Cities Programme</b>	<p>Funding secured through OLEV. Grant funding agreement for ERDF money signed by Monitoring Officer</p> <p>Tender for the two filling stations out to the market – led by Newcastle Council on behalf of the NECA and Newcastle University</p> <p>Specification for rapid clusters developed, sites identified and lease agreements with the local authorities progressing</p> <p>Market day held of the legacy infrastructure – keen interest from the market.</p>		Helen Mathews	G
<b>Regional Transport Planning</b>				
<b>Develop and agree a Regional Transport Plan</b>	Briefings held with Economic Directors and TNEC. Further engagement was held with TNEC members and O&S members. Work continues on Walking and Cycling strategy, Key Route Network as daughter documents of the transport plan. Work commenced on NECA wide Air Quality Strategy	North of Tyne devolution and impact on structure of the 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	A

SEP Action	Progress/ current position	High level risks	Lead	Status
<b>Explore opportunities presented to us in new legislation</b>	<p>Nexus is working with local partners to develop a Bus Strategy for the NECA area. The Bus Services Act 2017 (the Act) offers further opportunities for delivering the emerging Strategy.</p> <p>The opportunities will be fully understood once the Government publishes secondary legislation and statutory guidance on how to apply the new provisions</p> <p>Nexus is to represent UTG and Nexus on a DfT working group examining the rollout of the elements of the Act regarding bus service open data</p>		Tobyn Hughes	A
<b>Develop transport investment programme</b>	Pipeline of schemes is being developed, but no clear understanding of funding opportunities has emerged from Central Government	No identified programme of funding, beyond current LGF	Helen Mathews	A
<b>Identify opportunities for improved freight infrastructure</b>	<p>Freight partnership continues, work programme for the year to be agreed by the partnerships.</p> <p>Input into TfN work stream continues</p> <p>Water freight group established, first meeting very well attended by local businesses</p> <p>Partnership support to be re-tendered.</p>		Helen Mathews	G
<b>Improve transport proposals to employment sites (by 2020)</b>	Work continues with South Tyneside, Sunderland and Gateshead to scope transport links to IAMP		Helen Mathews with Heads of Transport	A
<b>Implement an enhanced public transport offer (by 2020)</b>	<p>Work is being carried out to scope the scheme for development of Sunderland station. Engagement with Northern Rail has confirmed their input and requirements. Northern are commissioning a study to identify the type of retailer likely to be interested in locating within the station and the ideal combination of units for the final design.</p> <p>Completion of an indicative outline business case is anticipated in early 2018-19.</p> <p>A programme for delivery of the Metro and Local Rail Strategy has been presented to the NECA Heads of Transport Group for information. All elements of the programme are being progressed</p> <p>Scoping has commenced for the Extensions' Strategic Outline Business Case.</p>		Tobyn Hughes	G
<b>National and international connectivity</b>				
<b>Enhance east-west road and rail connectivity</b>	<p>Work on the energy coasts study has commenced – WSP leading on the works.</p> <p>Consultation with regions has started with an opportunity to feed into the study.</p> <p>Highways England commitment to upgrade junctions on the A69</p>	Ensure that the needs of the North East are adequately considered as part of the study	Helen Mathews	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<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. Key Road Network to be presented to the next meeting of TNEC		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
<b>Digital connectivity</b>				
<b>Map and influence superfast broad band coverage</b>	The North East Digital Leaders Group which brings together the 7 LA Digital Leads and the LEP have developed a comprehensive mapping of superfast broadband coverage  Through the Group, mapping of regional cyber-security capacity has also been completed and a plan is being scoped to develop a pilot scheme to promote regional cyber resilience including a regional cyber resilience and innovation centre to complement the work of the National Cyber Security Centre (NCSC) and the Computer Emergency Response Team (CERT) UK, and a regional response to both the Digital Strategy (2017) and the National Cyber Security Strategy (2016).		Steve Smith, Northumberland Council Ben Kaner, North Tyneside Council	G
<b>Develop and begin delivery of 5G test-bed</b>	Outline concept for the Test Bed articulated and socialised with regional and national partners in the context of UK 5G strategy  NE activity on 5G in the National Infrastructure Commission Report  Stage 1 MOU signed on 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  Business case to be developed by Autumn 2017 collaboratively with national partners to position the NE for a national competition including infrastructure plan and first phase 'use' cases  Plan to deliver a 5G component of the Great Exhibition of the North to be in place by January 2018	<ul style="list-style-type: none"> <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 D.Bartlett C.Crawford P.Jackman D.Dunn T.Hardwick	G

SEP Action	Progress/ current position	High level risks	Lead	Status
<p><b>Explore the potential to develop fibre-optic connectivity to Europe</b></p>	<p>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.</p> <p>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.</p> <p>The plan awaits investment and customer demand, but permissions are in place</p>	<ul style="list-style-type: none"> <li>•Market demand</li> </ul>	<p>TBC</p>	<p>G</p>

# 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 developed in order capture learning for future processes including roles of structures, use of evidence, engagement of regional and national partners and capacity. Interviews to take place early in the New Year	Time elapsed since refresh process reduces level of output from review	Richard Baker	A
<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 which are all progressing well and due to be complete before the end of 2017		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 produced, which included structure, content, resource requirements and timings. Initial planning for launch event underway. Potential to create a 'Data Hub' to provide background data for the report being considered, alongside NECA transport colleagues	Lack of resource to produce document in good time	Richard Baker	G
<b>External economic commentary</b>	Calendar of economic commentary linked to national data releases has been developed and is being implemented: recent example ONS labour market data releases		Richard Baker	G
<b>Improve economic evidence availability</b>	On-going review of current and potential external data sources underway. Updated slide-sets for each of the three LEP led SEP programme complete. Definition of economic evidence mechanism for Board and sub-Boards, and for partners newsletter remains under review		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 underway, 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. Strengthen engagement with LEP Network	Lack of meaningful engagement with key contacts lead to missed opportunities	Richard Baker	G



SEP Action	Progress/ current position	High level risks	Lead	Status
<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 – first meeting to take place 20 November 2017		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, and supported by the Evidence Forum – to be taken forward by Research Co-ordinator role (due to be taken up by the end of November)		Richard Baker	A

# Investment Programme | Lead: Helen Golightly

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 £5.65m of private investment since April 2016</b>
<b>Amount allocated</b>	Over £209m fully approved or allocated to stage 1 projects £77m in pipeline development. 2017/18 budget is on target to be fully spent. £29.5m spent up to the end of Q2.	<b>Amount allocated</b>	£45m allocated. Over £65m invested through the programme to date with repayments underway. Approximately £10m available to invest.	<b>Amount allocated</b>	1,305 new jobs created with 41 businesses located on the EZ sites.
<b>Projects supported</b>	53 major projects approved and a further circa 26 under the Rural Growth Network and Local Sustainable Transport Fund mini programmes. Two Innovation related 'mini-programmes' have been approved and are due to open calls for projects from November 2017  The following projects are coming to this Board meeting for decision: International Advanced Manufacturing Park (IAMP) and Gateshead Quays	<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.  New round of promotion undertaken through Project Call. This is creating early stage interest in the Fund on several fronts. Meetings are being undertaken with prospective applicants to see whether full business cases should be brought forward.	<b>Projects supported</b>	The Enterprise Zone sites have attracted significant investment to date Applications are being progressed for Port of Tyne (Royal Quays), Port of Tyne (Holborn) and Bates/Wimbourne sites and more recently received applications for the Jade Business Park (formerly Hawthorn) and IAMP sites.  I. A legal agreement is being developed which is required for further project approvals and a full implementation plan has been finalised.
<b>Issues</b>	132 jobs were reported in quarter 2 17/18 bringing cumulative total to date to 275. The forecast for the whole year will be below target including due to significant jobs forecast on Forrest Park being re-profiled into future years.	<b>Issues</b>		<b>Issues</b>	To date in 2017 Enterprise Zone sites attracted 54 new jobs and 4 new businesses started operating on the site although 4 businesses stopped operating on the site to enable further development work on Swans and reflecting the focus on growth and move-on at the Blyth workspace.  Overall performance continues to show slower development, build out and occupation of sites that originally envisaged but a positive financial model and significant pipeline of interest in the sites.

# Communications Update – October 2017

## Social Media



Followers: 7,185 (+1.9% on last month)  
Reach: 87,800 (Impressions during October)



Followers: 2,161 (+ 3.3% on last month)  
Reach: 22,670 (Impressions during October)

**Benchmarking against top three LEPs on twitter**  
(as of 9 November 2017)

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

7,236



6,684



6,857



6,527



## Top Tweets

Oct 2017 • 31 days

TWEET HIGHLIGHTS

**Top Tweet** earned 7,546 impressions

The North East Investment Fund is now open for applications

[bdaily.co.uk/articles/2017/...](http://bdaily.co.uk/articles/2017/...) via @bdaily

19 11

**Top media Tweet** earned 2,383 impressions

It remains a privilege to drive fwd the Strategic Economic Plan says @nvlAndrew as he steps down from @SMDWorldwide [nelep.co.uk/andrew-hodgson...](http://nelep.co.uk/andrew-hodgson...) [pic.twitter.com/BPWCzTJHwx](http://pic.twitter.com/BPWCzTJHwx)



2 12 15

Update Title	Post Date	Impressions	Clicks	Engagement Rate
<a href="#">The State of the Nation 2017</a> : Careers and Enterprise Provision in England's Schools report published by the Careers & Enterprise Company. North East LEP's national facilitator for the Career Benchmarks Pilot, Ryan Gibson, talks through achievements to date and how the North East LEP has played such a central role in helping to shape this national agenda.	10 OCT 2017	2167	18	1.615%
<a href="#">Scaleup North East</a> gathers momentum with recruitment drive	10 MAY 2017	1915	47	3.081%
<a href="#">We're hiring</a> : Innovation Director sought to lead, animate and develop our Innovation Programme. Closing date 20 October.	10 FEB 2017	1908	47	2.725%
We're delighted to be joining Newcastle University Medical School at its London campus later today to learn about their cutting edge research and development work in Biomedical Sciences and Diagnostics, delivering Clinical Trials and new investment opportunities with their spin out companies.	10 DEC 2017	1791	4	0.558%

Press Coverage  
October 2017

No. Articles

67

Sentiment:

Positive: 56.7%

Neutral: 41.8%

Negative: 1.5%

Negative story focused on concerns over [cycle path in Morpeth](#) which has received LGF funding

Highlights:

25 October: [North East Investment Fund](#) is now open for applications.

6 October: [Scaleup North East embarks on recruitment drive](#)



# North East

Local Enterprise Partnership



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1 St James Gate,  
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**30 November 2017**

**Item 5: Enterprise Zone Update**

**1.0 Purpose of the report**

- 1.1 The purpose of this report is to provide an update on the current position of the development of the Enterprise Zone (EZ) sites in the North East. This includes information about both the Round 1 sites (operational since April 2013) and Round 2 sites, most of which became operational on 1 April 2017. The report also outlines progress with the development of an overarching legal agreement for the financial management of the Enterprise Zones, which was reported to the NECA Leadership Board on 21<sup>st</sup> November and which the LEP Board is asked to approve.
- 1.2 The Board is asked to note the progress being made and to authorise the Chair to sign the Legal Agreement outlined in the attached report at Appendix A on behalf of the North East LEP and authorise NECA as the accountable body of the LEP to complete the necessary legal documentation with the seven other local authorities in the area.

**2.0 Background Information**

- 2.1 Background information on each EZ site is set out in the report attached at Appendix B.

A more detailed report on the financial projections for the current year and the financial progress of round 1 schemes will be presented to the January Board with an update on the financial model and baseline Income Target figures being reported for approval at the March Board.

**3.0 Financial Modelling Update**

- 3.1 Previous updates have estimated an overall surplus across both rounds of the Enterprise Zones of over £150m in cash terms over their 25 year lives, excluding figures for the Newcastle International Airport Enterprise Zone. The information in the financial model is being updated as the business cases are being submitted. A potential increase in the intervention cost requirement for the IAMP site from £24m to £33.754m is partly offset by the potential for additional income of £7.5m from that site. Taking account increases in the potential income from the East Sleekburn round 1 site (£2.7m) and the potential for a reduced capital intervention on the Swans Round 1 site, the overall impact is a small increase in the estimated surplus previously reported. All sites are still indicating a surplus position. The potential variations in figures will continue over the next few months as the business cases for interventions are prepared and submitted for appraisal. An update on the Newcastle International Airport EZ site has been requested so that it

can be reported in January and the updated financial estimates for this site can be reflected in the Financial Model update in March.

- 3.2 The latest business rates income projection for 2017/18 is £1.64m. This is slightly less than the £1.694m achieved last year, which included a backdating adjustment. The latest estimate does not yet include a few new buildings that have been constructed and occupied this year, where the business rate income has still to be confirmed. Figures will continue to be updated during the year.

## **4 Implementation Programme Update**

### **4.1 Commercial Support Grant**

The Department of Communities and Local Government has provided two tranches of 'Commercial Support' funding to enhance the preparations for delivering Enterprise Zones. This is accessed through competitive calls for proposals with the North East LEP successfully applying as part of both rounds. Through the first round we received £27,500 which required local match. This has supported the:

- Cushman and Wakefield consideration of the financial model and assumptions; and
- The development of the legal agreement.

Through the second call the North East LEP successfully received a further £30,000, again subject to local match, in September 2017. This will be used to address key delivery challenges identified by partners to accelerate delivery. This will therefore be used to develop:

- A briefing on State Aid in relation to land ownership and private sector developers;
- A shared position on land acquisition within the model;
- A briefing on the implications for port sites of recent legislative changes;
- Support the appraisal of the IAMP site reflecting the scale of the project within the EZ programme.

### **4.2 Current funding applications.**

There are currently four applications being considered for the standard Enterprise Zone mechanism and two through the delegated feasibility funding. Outside of the delegated funding no further funding can be awarded until after the Legal Agreement is in place although appraisal work is continuing. Current project applications include:

- **Port of Blyth - Bates/Wimbourne Quay** (Round 1 Site).
- **Port of Tyne – Royal Quays** (Round 1 Site).
- **Port of Tyne – Tyne Dock** (Round 2 site)

- **Jade Business Park** (Round 2 site)
- **IAMP** (Round 2 site).
- **Newcastle City Council and the Port of Tyne** have submitted feasibility study applications under the delegated scheme.

### Key delivery challenges

4.3

- **Round 1 site deadline for Business Rate Discount** all sites from Round 1 with the Business Rate Discount benefit need to be aware that a business hoping to gain from this must be located and active on the site by the 31 March 2018. After this point whilst the locality will retain the rates any business newly locating on the site will not be eligible for the discount. This will be of particular relevance to the Blyth Workspace and the Swans sites.
- **Business rate income** the slower build out of a number of sites and decisions to support investment benefiting from the site investment but not located on the Enterprise Zone sites has reduced the income to date from retained business rates. To date this has been offset by active borrowing arrangements to reduce borrow costs.
- **Legal agreement** the finalisation and agreement of the legal protocol currently being developed is essential to supporting further build out with all investment subject to the approval of this.

## 5 Next Steps

5.1 Key next steps for the delivery of the Enterprise Zone sites include:

- Agreement of the legal agreement with the seven local authorities as soon as practically possible;
- Launch of second round of Commercial Support activities to accelerate the scope for delivery;
- Submit the revised red line boundary for the IAMP site to Government for approval; and
- Work with the applicants for infrastructure investment to bring forward; appraise and assess the business cases that are submitted.

## 6 Recommendations

6.1 The North East LEP Board is recommended to:

- Note the update on delivery progress
- Note the receipt of the Commercial Support Grant and activities proposed under this route;
- Agree that the Chair and Executive Director can enter into the legal agreement outlined in the NECA report attached in appendix A and that NECA be asked to complete the legal agreement as the accountable body of the North East LEP.





**Leadership Board**

**Date:** 21 November 2017

**Subject:** Enterprise Zone Implementation Update

**Report of:** Head of Paid Service and Chief Finance Officer

**1. Executive Summary**

- 1.1 There are now 21 Enterprise Zone (EZ) sites approved in the North East Local Enterprise Partnership (North East LEP) area, with at least 1 site in each Local Authority area, as listed in Appendix A. Ten Round 1 sites became operational in April 2013; ten Round 2 sites became operational in April 2017; and one will become operational in April 2018.
- 1.2 Each of the seven Local Authorities in the North East LEP area have been asked to enter into an overarching pooled Business Rate Growth Income (BRGI) agreement with the North East LEP and NECA as its accountable body. The purpose of this is to provide a transparent and consistent approach for the treatment of pooled Business Rates Growth Income; the financing of site intervention costs; the funding of eligible revenue costs; the operation of a performance incentive arrangement aimed at accelerating development: the treatment of any net surplus after all costs have been funded; and the treatment of any borrowing costs that cannot be funded from the BRGI pool in the unlikely event of a shortfall in total pooled income resulting in a net deficit.
- 1.3 This agreement sets out the BRGI pooling arrangements for Enterprise Zones in the North East LEP area over the 25 year BRGI period for each site, with a final date of the agreement running to 31 March 2043. This overarching agreement will simplify the separate funding agreements that are needed for each site, which should help accelerate the process of approval and the development of the sites for which new funding agreements are needed.
- 1.4 This report seeks approval to enter into an overarching BRGI Pooling Agreement as accountable body for the LEP following the approval of the North East LEP Board on 30<sup>th</sup> November 2017.

## **Leadership Board**

### **2 Recommendations**

2.1 It is recommended that the Leadership Board;

1. agrees to enter into the overarching Enterprise Zone Pooled Business Rate Income Agreement in the form approved by the Monitoring Officer, having consulted the Chief Finance Officer and the Head of Paid Service. The Agreement will be with its seven constituent authorities, and NECA will enter into the agreement in its capacity as the accountable body for the North East LEP. The agreement will not be entered into without the prior approval of the North East LEP Board; and
2. agrees to arrange the use of NECA's internal funds or external borrowing where it is necessary to repay the LEP's North East Investment Fund (NEIF) or the Local Growth Fund (LGF) in respect of Round 1 funding agreements set out in section 8.1 of the report, where it is requested to do so by the constituent authority and where it has the legal power to do so.



## Leadership Board

### 3 Background Information

- 3.1 The granting of Enterprise Zone status to these employment sites by the Government, means that businesses who occupy the sites can receive benefits of either discounted business rates or enhanced capital allowances for a limited period and within European state aid rules. Infrastructure and intervention costs needed to develop the sites can be funded from the retention of 100% of the growth in business rate income from the sites, which the North East Local Enterprise Partnership (North East LEP) can retain over a 25 year period. Outside this arrangement it is normal for Authorities only to be to keep a percentage of business rates growth for a short period until the National Local Government System Grant is periodically 'reset'. Thus sharing through this mechanism creates overall benefit across the LEP Area.
- 3.2 In most cases funding Enterprise Zone development will require borrowing to fund the works. The North East LEP will approve the capital and financing costs to be funded from pooled Business Rates Growth Income (BRGI) and determine the use of any BRGI surplus after costs have been met.
- 3.3 The initial ten Round 1 Enterprise Zone sites proposed by four Local Authorities and submitted for approval by the LEP in 2011 were formally approved by Government in 2012, with a 25 year Business Rate Retention period starting on 1 April 2013 and ending on 31 March 2038.
- 3.4 Ten sites were submitted and approved, clustered in three areas –
- A19 Ultra Low Carbon Vehicle Corridor
  - North Bank of Tyne
  - Port of Blyth
- 3.5 The original proposals envisaged that borrowing would be undertaken to fund the up front infrastructure costs and that this would then be financed by the Business Rate Growth Income (BRGI) retained over a 25 year period.
- 3.6 A funding protocol developed by the Local Authority Treasurers, and approved by the North East LEP, set out that borrowing and approved revenue costs would be met from pooled Business Rate Growth Income over the period as a priority, before the net surplus could be determined and allocated by the LEP. It was also proposed that grants be accessed where possible to minimise external borrowing costs and risk, and to maximising the net surplus.
- 3.7 When the first business cases were submitted to the North East LEP for approval, the North East LEP decided that rather than undertake expensive external borrowing, it would authorise the use of £21.026m of its own North East Investment Fund (NEIF) to finance the first of the infrastructure works needed. This 'internal loan' would be repaid to the NEIF from the BRGI from the Enterprise Zone sites. An

## Leadership Board

assumed profile of repayments from the EZ pooled Business Rate Income account to the NEIF was set equal to the estimated income stream provided by the Local Authorities as part of their business case submissions. The legal agreements for this funding that were drafted at the time reflected the receipt of a grant payment, as opposed to providing agreement for the Local Authorities to borrow and agree a schedule of loan funding repayments.

- 3.8 The remaining £43m of infrastructure works on the Round 1 site were to be funded by borrowing, with annual capital financing costs to be funded by payments from the North East LEP enterprise zone BRGI over a period up to March 2038. Over the last two years the LEP and NECA have in fact been able to make temporary use of Local Growth Fund grants to defer the need to carry out actual external borrowing. This has meant that no external borrowing has been carried out to date, which has minimised the costs falling on the Enterprise Zone account and this has therefore maximised the potential BRGI surplus.
- 3.9 In overall terms the pace of development has been slower than initially envisaged and BRGI income is lower than initially expected. This was partly reflected in a revised set of BRGI projections made when the Enterprise Zone Funding Model was updated by DTZ in November 2014. A revised estimate of income projections undertaken earlier this year indicated that BRGI income for 20 sites is now estimated to be at c £340m. This estimate will continue to be updated and will be included in a refreshed Model, based upon information provided by each Local Authority, which is expected to be finalised in March 2018. It is estimated that the EZ pooled business rate Income Account should produce a net surplus over the round 1 and round 2 sites, recently estimated at over £150million over the life of the Enterprise Zone in cash terms. These figures exclude income and a surplus for the Newcastle International Airport Enterprise Zone, where development plans are being reviewed.
- 3.10 It is now expected that if the planned repayment of the money provided from the North East Investment Fund is to be made in line with the current timetable, an element of refinancing will be required due to the lower level of income that has been received to date on some sites. Discussions about refinancing have taken place with round 1 councils and there was a strong preference from some councils that they would not be required to undertake additional external borrowing that had not been envisaged under the original grant funding agreements. It is proposed that NECA as the accountable body of the LEP undertake any refinancing that may be required through use of its internal funds or using its transport borrowing powers, unless individual councils want to undertake this refinancing themselves. It is envisaged



## **Leadership Board**

that any new infrastructure approvals would be funded by individual councils using their internal funds or borrowing powers with the financing costs met from the BRGI pool.

- 3.11 Since the last update to Leadership Board three new Enterprise Zone funding applications have been received from partners including a feasibility study (£65,000) for the Newcastle Airport site, the Port of Tyne Enterprise Zone sites (£132,000) and more substantial application for £4.5m of works on Jade Business Park in County Durham. These are currently being taken through the appraisal process alongside the Port of Blyth application. This follows on from the approval to Gateshead Council for feasibility work awarded previously.

### **Round 2 Enterprise Zones**

- 3.12 Eleven new Enterprise Zone sites were proposed by the Local Authorities and submitted for approval by the LEP in 2015 and were formally approved by Government in 2016, with a 25 year Business Rate Retention period starting on 1 April 2017 and ending on 31 March 2042 for 10 sites. The BRGI retention period for the IAMP site will commence a year later on 1<sup>st</sup> April 2018 and is expected to end on 31 March 2043 (the final date in this agreement), following formal approval of its red line boundary area by the Government before 31 March 2018.
- 3.13 Infrastructure costs estimated to be around £90m will need to be funded by borrowing agreements by each council, with the LEP agreeing the level of the infrastructure costs to be funded, with a funding agreement which will set out the annual amount of BRGI income that each council will receive to cover its borrowing costs. This will enable each council to use its prudential borrowing powers to finance the infrastructure works required on their own enterprise zone sites. The level of infrastructure costs will be subject to the approval of the North East LEP following the submission of final business cases on a site by site basis. Several business cases are expected to be received for consideration by the LEP Board in November 2017, January 2018 and March 2018.
- 3.14 The intention is to complete the refresh of the Enterprise Zone Financial Model taking account of the updated information from the LEP approvals in November and January. This would also include the business cases submitted by the end of February 2018 with the results being reported to the LEP Board for approval in March 2018. A full refresh of the Enterprise Zone Model is proposed to take place every third year, with periodic and annual update reports to the LEP Board. These

## **Leadership Board**

will monitor progress with development, job creation and the financial performance of the Enterprise Zone account.

### **Use of the EZ Surplus and Incentivising Performance and Accelerating Development**

- 3.14 The North East LEP will determine how any net surplus on the Enterprise Zone account is to be allocated. In consideration for the use of the North East LEPs NEIF and LGF funds and to help provide a secure medium term plan position for the LEP Core team, the North East LEP Board agreed in 2015 that if necessary up to £500k a year could be used to support the costs of the team. It is now proposed to adopt a good practice of reviewing this use of the surplus on a rolling three year basis with this use of the surplus agreed provided that an overall surplus on the Enterprise Zone account was still projected to occur.
- 3.15 In May 2017, the North East LEP Board considered and approved a proposal that Councils be eligible to use a ring-fenced element of their surplus as a performance reward incentive - as a result of achieving jobs and higher levels of BRGI on their sites. This would give a clear financial incentive to councils to accelerate development and income generation in their own Enterprise Zones. They would be able to apply this ring-fenced surplus to finance significant economic projects (that are in line with guidance to be issued by the LEP) that help with the achievement of the Strategic Economic Plan objectives. It is envisaged that investment decisions relating to surplus income will not be made in the early years of the programme but likely be beyond 2022 for some sites and significantly later for sites with greater levels of borrowing.
- 3.16 The incentive would allow Local Authorities to determine the use of 50% of any income in excess of a Baseline Income Target and 25% of income generated above 80% of a Baseline Income Target. This would include a 10% incentive to deliver the agreed outputs (e.g. jobs and developed floor space) in the Enterprise Zone areas. The Baseline Income Target will be set out in the separate site funding agreements and will be a prudent estimate of income from each site after deducting a 10% contingency from Round 1 site BRGI already being received and a 15% contingency from BRGI from potential new buildings on the sites.

### **Financial Benefits of Enterprise Zones to Councils**

- 3.17 Since the Government started to localise Business Rate Income, councils have been able to retain a proportion of business rate growth over their whole area. Currently councils can retain 50% of the Business Rates' growth in their area and it is possible



## **Leadership Board**

that after 2020 councils may be able to retain a higher percentage – possibly up to 100%. However this is not certain and councils are likely to only retain the benefit of any growth for a relatively short period of time – possibly from one to five years before the grant system is reset. While some growth may be retained for a second period (until the next reset) it is uncertain how much could be retained and indications are that it could be a relatively low percentage. The level of any retained growth is uncertain and it is therefore difficult to use this income to justify the funding of prudential borrowing to carry out infrastructure works.

- 3.18 In Enterprise Zones, the certainty of the retention of income over 25 years brings a significant additional retained income benefit to the area. The income can be used to justify prudential borrowing for capital infrastructure works. In addition to the benefits of job creation and economic growth, Councils benefit from the funding of capital infrastructure works in their area; the potential for a performance reward incentive and the potential to benefit from the allocation of any net surplus by the North East LEP or its successor body in the future.
- 3.19 The proposed pooled BRGI arrangements should put in place favourable cash flow arrangements that should avoid additional costs of Enterprise Zones impacting on the revenue accounts of constituent councils in the short and medium term and most likely in the long term as well (in the event of an overall surplus on the BRGI pool).

## **4 The need for an Overarching Legal Agreement**

- 4.1 The approach to date has been to enter into funding agreements for each project and this has resulted in inconsistent terms and formats. As part of the new agreement, standard Enterprise Zone funding terms have been developed with a simpler, site specific funding agreement template. This will help provide a level of consistency and should help accelerate the completion of new funding agreements and help accelerate the commencement of development.
- 4.2 The Enterprise Zone funding principles and arrangements have been developed since 2012 and have been subject to change over the last few years for a variety of reasons. There is now a need for transparency, clarity and greater certainty about the treatment of income and expenditure and the financing of infrastructure works and the treatment of any surplus in the short, medium and long term for up to 25 years into the future.
- 4.3 With the potential for councils to be carrying out significant prudential borrowing over the next few years in order to fund infrastructure works, it is necessary to be clear exactly how the borrowing is to be funded and exactly where the risk of repaying the



## **Leadership Board**

borrowing falls in the event of income from a particular site being less than that needed to cover the costs relating to that site. The proposed approach to manage and minimise this borrowing risk is to extend the principle of pooling income across all Round 1 and 2 Enterprise Zone sites to cover borrowing costs.

- 4.4 A formal agreement is needed that can be operated over the whole life of the agreement by council officers over the next 25 years and is capable of dealing with any changes to the parties to the agreement over time through novation and residual body arrangements. It also clearly sets out the financial position for councils when the Enterprise Zone life expires from 2038 to 2043.

## **5 Key Elements in the Agreement**

- 5.1 The agreement covers the following key elements: –

- clarification of the arrangement for the payment of Pooled of Business Rate Income each year to the North East LEP or its accountable body, including the calculation of income to be paid and the timing of the payment in May after the year end;
- the process for the approval of new interventions;
- the treatment of existing funding arrangements for Round 1 sites;
- the treatment of borrowing and the funding of borrowing costs;
- arrangement for utilising the pooled BRGI;
- the treatment of any BRGI deficit, which will fall to be met proportionately by those councils that have not generated their expected income and have a deficit on their own account, in the event of ant net deficit remaining over the whole period;
- reporting arrangements; and
- standard terms to form part of the funding agreements that will be issued for new projects that will be subject to the pooled BRFGI agreement.

## **6 The impact of Replacing Existing Funding Agreement(s)**

- 6.1 The replacement of the existing funding agreement(s) for the Round 1 Enterprise Zone(s) means that all councils will be in the same position and party to the agreement. This would mean that each council would be responsible for any ultimate deficit on its Enterprise Zone sites caused by reduced income on its own sites, in the unlikely event of there being an overall deficit on the pooled BRGI.

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- 6.2 Most of the Round 1 agreements did not envisage that the councils would need to borrow for infrastructure works and some councils would prefer not to undertake additional borrowing themselves. In some circumstances NECA would be able to use internal funds or to borrow if it is necessary to do so (in relation to transport infrastructure), although the constituent council would still be ultimately responsible for its share of any net deficit. By undertaking the refinancing, NECA could earn additional interest on its investments and enable councils to be able to sign the agreement.
- 6.3 A council that did not sign the overarching agreement would not be able to benefit from the pooled BRGI agreement, which would increase their borrowing risk on any new infrastructure approvals; the council would not benefit from the performance reward incentive scheme and the LEP could take this into account in determining how any net BRGI surplus would be allocated in the future in order to stimulate investment, business growth, and create employment opportunities for local people.

## **7 Potential Impact on Objectives**

- 7.1 The approval of new Enterprise Zones pooled Business Rate Growth Income agreement should contribute to the acceleration of the development of Enterprise Zone sites and help to achieve of the SEP objectives, in particular those relating to job creation and employment.

## **8 Finance and Other Resources**

- 8.1 For Round 1 authorities the specific financial implications of this agreement relate to the termination of the existing agreements. For NECA this could involve the use of its internal funds or its transport borrowing powers if requested to do so on behalf of constituent authorities. The level of borrowing will depend on the requests received up to a maximum of c £15m. NECA would receive income from the BRGI pool to cover the estimated capital financing costs at a standard rate that would cover NECA's external borrowing costs. There should be no net additional revenue costs to the NECA budget. Use of NECA's internal funds would generate an interest rate income, which would be greater than NECA could normally have earned by investing its internal funds. This would result in an increase in interest earned, which it could use to help cover costs that would otherwise have to be met by all seven of its constituent authorities, for example costs associated with NECA's accountable body responsibilities for the LEP.



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### **9 Legal Implications**

- 9.1 The current draft of the Business Rate Growth Pooling Agreement (BRGPA) had been prepared with the assistance of external lawyers. The draft is with legal officers from each authority and there is likely to be considerable discussion about the form and content of the agreement before it is finalised. To meet the project timetables for a number of projects, the agreement will need to be finalised at pace. Accordingly, a delegation is sought to allow the Monitoring Officer, with the advice of the Chief Finance Officer and the Head of Paid Service to settle the detail of the agreement.

### **10 Other Considerations**

#### **10.1 Consultation/Community Engagement**

The local Councils were been consulted about the opportunity of enterprise Zones in their area and the recent changes. No additional Community and business engagement is expected to be necessary.

#### **10.2 Human Rights**

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

#### **10.3 Equalities and Diversity**

There are no equalities and diversity implications directly arising from this report

#### **10.4 Risk Management**

The pooled BRGI arranged is aimed at minimising the risks associated with the ability to fund the borrowing costs on individual sites through a pooling of income from all Round 1 and 2 Enterprise sites. Borrowing risks associated with any borrowing undertaken by NECA as the accountable body of the North East LEP on behalf of one constituent authority would fall on the BRGI pool in the first instance. In the unlikely event of an overall deficit, it would then be met by the individual constituent authority under the terms of the pooled BRGI agreement. It also confirms the Enterprise Zone BRGI financial position for Councils up to 2038.

#### **10.5 Crime and Disorder**

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

## **Leadership Board**

### **10.6 Environment and Sustainability**

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

### **11 Background Documents**

11.1 Enterprise Zone Reports to the LEP and NECA Boards

11.2 Previous legal agreements

### **12 Appendices**

12.1 Appendix A: List of Enterprise Zone Sites

### **13. Contact Officers**

13.1 Paul Woods, Chief Finance Officer, [paul.woods@northeastca.gov.uk](mailto:paul.woods@northeastca.gov.uk) 07446936840

### **14. Sign off**

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

## Leadership Board

### Appendix A

#### Round 1 Enterprise Zone Sites

Local Authority	Enterprise Zone Site	Existing Funding Agreement to be replaced	New Funding Agreement
Newcastle	North Bank of Tyne	Yes	Yes
North Tyneside	North Bank of Tyne : Swans North Bank of Tyne : Port of Tyne site	Yes	Possibly tbc Yes
Northumberland	Bates Commissioners Quay Dunn Cow East Sleekburn	Yes Yes Yes	Yes
Sunderland	A19 Corridor sites 1,2 and 3	Yes	

#### Round 2 Enterprise Zone Sites

Local Authority	Enterprise Zone Site	New Funding Agreement
Durham	Jade (originally Hawthorn)	Yes
Gateshead	Follingsby	Yes
Newcastle	North Bank of Tyne – Extension International Airport	Yes Yes
Northumberland	Ashwood, Ashington Fairmoor, Morpeth Ramparts, Berwick	Yes Yes Yes
South Tyneside	Holborn Riverside Phase 1 Holborn Riverside Phase 2	Yes Yes
Sunderland	Port of Sunderland	Yes
Sunderland and South Tyneside	International Advanced Manufacturing Park (IAMP) (Joint with South Tyneside)	Yes

## Appendix B- Site Progress Summaries

Site – Round 1	Year	Size (ha)	Benefit	Jobs target	Jobs actual	Income est £000 (2016/7)	Income actual £000 (2016/7)	Cost est (£m)	Approvals to date (£m)	Current activities	Notes
Blyth Estuary – E. Sleekburn	2012	11.13	ECA		0			9.08	9.08	The E. Sleekburn site has been awarded funded to complete the site development. This is due to start this year with the land transfer currently in finalisation.	No further investment available.
Blyth Estuary – Bates/ Winbourne	2012	3.04	ECA	1400	21	525	173			Application received from Port of Blyth for development, currently in appraisal pending legal agreement.	Agreement to funding is dependent on agreement of full legal agreement.
Blyth Estuary – Commissioners Quay	2012	2.1	BRD		204			3.8	2.6	Largely built out with hotel and Blyth Workspace. No further work anticipated.	Note BRD only applies to businesses present by end of March 2018
Blyth Estuary - Dun Cow	2012	0.38	BRD		0					Site prepared awaiting investment. No investment required.	Note BRD only applies to businesses present by end of March 2018
North Bank of the Tyne – Neptune	2012	18.01	ECA		505	285	614*	11.63	6.33	Proposals for final stage of development are being developed considering linkages to the Round 2 site.	*Increased for year due to payment of backdated rates.
North Bank of the Tyne – Swans	2012	17.2	BRD	5246	336	194	165	12.8	7.8	Local Growth Fund application currently in process to include proposal for remaining EZ funds. Due autumn 2017	Note BRD only applies to businesses present by end of March 2018  Remainder of funding not currently anticipated to be needed. Large LGF investment.

<b>North Bank of the Tyne- Royal Quays</b>	2012	30.09	ECA		0			10	0	Application has been received for development. Awaiting State Aid consideration and borrowing agreement to progress.	In discussion with North Tyneside Council on finance.
<b>A19 Corridor – 1</b>	2012	15.32	ECA	3235	272	1305	743	17.17	17.17	No development taken forward or recent activity.	Site in private ownership.
<b>A19 Corridor – 2</b>	2012	6.92	BRD		0					Site not currently being developed.	Note BRD only applies to businesses present by end of March 2018
<b>A19 Corridor – 3</b>	2012	10.26	ECA		0					Delivery of site currently in progress following funding approvals.	

Site - Round 2	Year	Size (ha)	Floor Space (m2)	Benefit	Jobs target	Jobs actual	Income projection (total)	Income actual	Cost projection	Actual cost	Current activities	Notes
<b>Ramparts Business Park</b>	2017	6.6	47,696	BRD	500	0	10,368,900	0	2,599,696	0	Development of business plan and potential investment requirements.	Income reduced due to uncertainty over opening up of large, final greenfield site.
<b>Ashwood Business Park</b>	2017	16.13	43,790	ECA	1200	0	14,213,400	0	2,308,271	0	Development of business plan and potential investment requirements.	
<b>Fairmoor</b>	2017	9.23	29,600	BRD	400	0	9,700,826	0	3,145,444	0	Development of business plan and potential investment requirements.	
<b>Newcastle Airport</b>	2017	48.1	TBC	BRD	4632	0	TBC	0	TBC	0	Site development currently being considered. Initial application for	Update on proposals awaited from Airport.



											study due October 2017.	
<b>North Bank Extension</b>	2017	2.79	22,320	ECA	475	0	7,282,027	0	4,779,547	0	Development plan in train linked to Round 1 site. No application currently planned.	
<b>Follingsby Park</b>	2017	28	122,000	BRD	2072	0	77,576,510	0	15,727,352	0	Initial study application approved. Grant Funding Agreement is being finalised for signatory.	Developer in place to bring forward full application. Expected 2018.
<b>Holborn Enterprise Park</b>	2017	4.48	18,580	BRD	1486	0	24,571,185	0	12,189,506	0	Site development plan being taken forward with consideration of funding requirements.	
<b>Tyne Dock Enterprise Park</b>	2017	7.14	24,000	ECA	350	0	28,856,703	0	26,922,984	0	Application for works received at outline stage.	Recommendation this is split to form initial studies in advance of full work.
<b>International Advanced Manufacturing Park</b>	2018	25	261,250	ECA	5228	0	Up to 33,754,000	0	47,880,000	0	Site outline to be finalised and submitted to Government in autumn 2017.	Not launched until April 2018.
<b>Port of Sunderland</b>	2017	8.3	25,500	ECA	170	0	13,988,463	0	13,555,412	0	Site plan in development.	
<b>Hawthorn (Jade) Business Park</b>	2017	26	68,248	BRD	1017	0	32,957,644	0	3,105,226	0	Application for funding due October 17.	

**30 November 2017**

**Item 7a: Energy Strategy**

**1.0 Purpose of the report**

- 1.1 The purpose of this report is to set out the proposed approach to developing an approved Energy Strategy for the North East LEP as requested by the Department of Business, Energy and Industrial Strategy (BEIS).
- 1.2 The report provides a summary of the background requirements and purpose of the strategy, the approach proposed to meet this requirement and opportunity and the proposed focus for the strategy to enable the strategy to be delivered.

**2.0 Background**

- 2.1 Energy is an essential enabling factor to long-term economic success and as such is crucial to achieving the aspirations set out in the Strategic Economic Plan. Reliable, affordable and long-lasting energy is fundamental to increased productivity and competitiveness of businesses as well as having very strong links to supporting resilience in the local communities.
- 2.2 The energy challenge or 'trilemma' (characterised as requiring activity on cost, security/reliability of supply and carbon emissions) is recognised as a national and international level as requiring concerted activity. It is therefore expected result in large-scale investment across the globe. This activity will happen in specific places, including the North East and represents an opportunity for businesses and organisations to make the most of the investment and growth in the sector and for communities to benefit from reduced costs and reductions in fuel poverty and the related challenges. Similarly areas that are not able to engage with the changes will find competitiveness reduced over the medium-term due to costs and missed growth opportunities by focusing on existing approached.
- 2.3 The local, place dimension to the national approach to energy has been recognised within the national agenda with BEIS providing a limited (£40,000) resource to Local Enterprise Partnerships to develop a strategic approach to energy in the local area. A first round of support was provided to a limited number of LEP areas in early 2017 with support made available to the other LEP areas in October 2017. Significant progress with a draft strategy is required by the end of April 2018.
- 2.4 The funding is intended to support the establishment of a LEP area energy strategy with potential scope across eight primary themes, although local areas are able to consider the relevant within this and can provide suggested foci. The core scope includes:
  - 1. A clear analysis of the energy opportunities and challenges across the

whole LEP area, for power, heat and transport

2. Estimates of energy demand and carbon emissions over time, and consideration in relation to relevant carbon targets
3. Pipeline of potential energy and low carbon investment projects
4. Energy and low carbon priorities for the LEP
5. Arrangements for governance and delivery of the strategy
6. Funding options to deliver low carbon energy projects
7. Action plan, with responsibilities and timescales identified
8. Any conclusions or recommendations for central government policymakers

2.5 The North East Strategic Economic Plan sets out particular strengths and opportunities around energy generation, distribution and storage in the local area. The North East LEP should therefore be a primary beneficiary of this growth and a natural location for test, demonstration and innovation.

2.6 We are already home to a large offshore energy sector including, offshore wind, oil and gas and auxiliary and enabling technologies in cabling and trenching equipment amongst a range of technologies along the rivers Blyth, Tyne and Wear.

2.7 The presence of the national Centre for Energy Systems Integration (CESI), Durham Energy Institute and Joseph Swan Centre/Institute for Sustainability at Newcastle University provide an academic and research strengths. These are well linked to strong application of technologies and approaches by the local authorities driving the role of out of district heating schemes and smart grid technologies, housing and premises retrofit and other innovative approaches to energy demand reduction and management.

2.8 The North East is well placed to capitalise on indigenous and renewable energy sources such as wind and geothermal and gain competitive advantage in new technologies; however support to reduce the cost of energy will also be important to maintain services by reducing deliver costs related to heat, support business productivity improvements and reliability with secure, affordable energy and contribution to social improvements by reducing the incidence of fuel poverty.

### **3.0 Related Activities**

3.1 There are currently a number of other energy-related activities that are being undertaken by other partners and national government. These will be incorporated into the strategy development wherever appropriate drawing on the external expertise.

3.2 Key examples include:

- National Clean Growth Strategy
- Northern Energy Taskforce (led through IPPR North)
- Covenant of Mayors and Local Carbon Plans.

## 4.0 Proposed approach

4.1 The Energy Strategy approach has been revised to reflect the shorter time frame permitted by Government; however the version due by April will be submitted as a draft, pending finalisation to allow for external work that cannot be completed within the timeframe to be incorporated when appropriate.

The development of the Strategy will be owned by the North East LEP Board with the Strategy to be submitted for adoption by the Board reflecting the strongly partnership basis of its development. Progress updates will be provided to the Board on an on-going basis.

To enable local expertise to be fully utilised within the process the North East LEP Board will be supported by a North East Energy Commission – Task and Finish Group. This group will provide expertise and direction for the delivery of the Strategy. Membership will be drawn from local experts in the academic and research sector, public authorities and private sector businesses related to the area. It will act as a critical friend to drive the process and ensure best practice and up to date knowledge is incorporated.

Proposed membership is from:

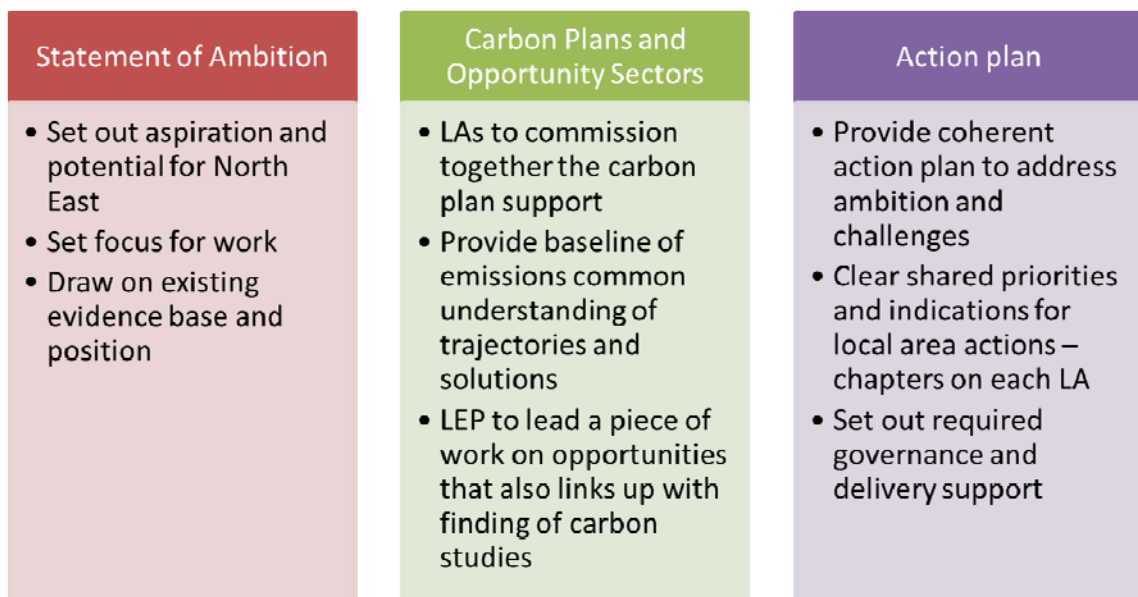
- Private Sector LEP Board member or independent business person to Chair
- Local Authorities representatives (x2)
- Durham Energy Institute
- Joseph Swan Centre/Institute for Sustainability, Newcastle University
- National Centre for Energy Systems Integration
- Northern Powergrid
- Northern Gas Network
- Business organisation representative
- Offshore Renewable Energy Catapult
- Energy Systems Catapult

Individual themes will be led by workstreams with small working groups as required to deliver each element within the strategy. These will be refined with the Energy Commission but current proposal includes:

- Sector development, innovation and new opportunities for growth
- Carbon emissions and energy demand (to be undertaken at a local authority level and combined)
- Opportunities to improve energy and related resource use in:
  - public sector estate
  - business and industry
  - domestic properties and local communities
- Ensuring resilience through a systems and place approach
- Future delivery, actions and project pipelines.

The development of the Energy Strategy will work closely with and incorporate the activities being led through the individual local authorities to establish carbon reduction strategies required as part of the Covenant of Mayors process. These have separate funding allocations but will be aligned with this work to achieve maximum value from delivery.

The Strategy will result in four elements undertaken in three periods of activity. An initial Statement of Ambition setting out the high-level picture, submitted to the next LEP Board meeting for endorsement. The completion of studies on the Carbon Plan (undertaken by each local authority) and an update on the opportunities for growth in new sectors and increased competitiveness of existing sectors, it is expected that this will required additional external support drawing on the government funding. Drawing on both of these stages of work the development of a final action plan and pipeline of future activities to deliver on the strategy.



## 5.0 Proposed focus and next steps

5.1 Potentially an energy strategy could result in a too wide a focus to be practical or deliverable in the short timeframe available. It is therefore proposed that the North East LEP Strategy focus on delivery of the Strategic Economic Plan with reference to the Energy opportunities, risk and constraints that may hold back delivery of the aspirations within the SEP for more and better jobs and increased productivity. Actions to improve the energy landscape in this area will have wider beneficial outputs that are to be strongly welcomed but will not form the focus of the strategy. The focus is on addressing issues within the ‘energy trilemma’ to boost and underpin North East competitiveness and resilience.

The Strategy will therefore focus on:

- Developing and commercialising new technologies, approaches, business models and applications of energy technologies where the North East has an existing or potential strength to derive new business and employment growth.
- Demonstrating the potential for more efficient, sustainable and low carbon technologies in public and domestic properties to reduce cost of energy use and support roll out of new products, processes or applications within a whole building/whole place approach.
- Supporting businesses to move to more energy and resource efficient approaches, premises and technologies which reduce carbon emissions and increase competitiveness, reducing costs or uncertainty.
- Consider opportunities within a wider place-based context to support moves to reduce carbon emissions through related energy use from heat and transport which form the majority of energy use and demonstrate potential for systems and network approaches.
- Consideration of infrastructure and systems requirements to ensure long-term energy availability and security of supply.

## **6.0 Recommendations**

The North East LEP Board are recommended to:

- Acknowledge the BEIS funding to enable the development work
- Note the proposed approach to deliver the strategy
- Note the proposed focus for the strategy to ensure deliverability

**30 November 2017**

**ITEM 7b: State of the Region report**

**1.0 Introduction**

1.1 At the July board meeting, the North East Local Enterprise Partnership (LEP) Board agreed that the LEP should publish an annual 'State of the Region' report. The purpose of the State of Region report is to:

- Present an overview of North East LEP economy and how it is changing over time.
- Provide a resource for partners to inform decision making.
- Position the North East for future policy developments, including the Industrial Strategy.
- Develop the visibility of LEP as an evidence user and economic commentator.

1.2 Each year, the State of Region report will have two components:

- An overview of North East LEP economy. This section will review performance against a group of indicators – with the same indicators reviewed in each annual report.
- An in-depth review of a specific topic. This will be selected to reflect either a major issue facing the North East economy or to build on research undertaken on the North East economy during the previous year.

1.3 The topic that will be reviewed in-depth in the 2018 report will be the North East in the global economy. The main reasons that this topic has been chosen are:

- The North East has traditionally been international in its outlook, with trade in goods and services critically important to the prosperity of region. Ensuring the region is able to build on this historic strength is essential to achieving the SEP goals.
- International links are particularly important in light of the UK's decision to leave the EU. Data on the North East's international links will support partners in the region to plan for the post-Brexit period.



## 2.0 Report structure

2.1 The structure of the report will be:

- Welcome from LEP Chair
- Executive summary
- Update against SEP targets
- Performance of the North East economy
  - Gross Value Added (GVA)
  - Population
  - Business base
  - Business growth and access to finance
  - Supporting innovation
  - Skills
  - Employability and inclusion
  - Economic assets and infrastructure
  - Transport and digital connectivity
  - Areas of opportunity and enabling services
  - Implications
- North East in the global economy
  - The role of international trade in the North East economy
  - The importance of foreign-owned businesses and inward investment
  - International migration and the North East
  - The international nature of North East universities and colleges
  - The role of international finance in the North East
  - International connectivity (through the North East's ports and airports)
  - Other international linkages
  - Implications

2.2 The State of the Region report will present key statistics on North East LEP area using charts and tables (including looking at change over time and benchmarking against comparators) with an accompanying narrative. The underlying data will mainly be drawn from official statistics. The report will aim to put the data in context – highlighting why topics are important to the North East economy. At the end of both the 'performance of the North East economy' and the 'North East in the global economy' sections, there will be discussions of the main

implications from the data for the North East LEP and its partners in delivering the North East Strategic Economic Plan (SEP).

2.3 Appendix 1 provides a more detailed structure including details of content and some preliminary key messages. The key messages should be considered provisional until the data analysis has been undertaken.

### **3.0 Outputs**

3.1 There will be 4 outputs:

- State of the Region report (c.40 pages).
- Executive Summary document.
- Launch event at Sage Gateshead on Tuesday 6 March 2018.
- Launch campaign (e.g. blog posts, social media).

3.2 In addition, the LEP is currently scoping out the development of an online, interactive 'data hub' to be launched alongside the State of the Region report. This would enable more detailed data on the North East economy to be provided than is possible in the State of the Region report.

3.3 The draft State of Region report will be brought to the LEP Board meeting on Thursday 25 January 2018.

### **4.0 Recommendation**

4.1 The Board is asked to note the proposed structure for the State of the Region report.

## Appendix 1: Detailed structure for State of Region report

Page(s)	Topic	Content	Key messages
1	Contents		
2	Welcome from LEP Chair		<ul style="list-style-type: none"> <li>• Importance of State of Region in supporting LEP and partners to deliver SEP</li> <li>• Commitment by LEP to publish State of Region annually – and more generally to help build the evidence base</li> </ul>
3-4	Executive summary	<ul style="list-style-type: none"> <li>• Summary of key points from report, including drawing out implications for LEP and partners to deliver SEP</li> </ul>	
5-6	Update against SEP targets	<ul style="list-style-type: none"> <li>• Outline current position against 6 SEP targets</li> <li>• Outline need to amend 2 targets due to changes in underlying datasets</li> <li>• Sources: Annual Population Survey (APS); Business Register and Employment Survey (BRES); and GVA for LEPs</li> </ul>	<ul style="list-style-type: none"> <li>• Current position (may change by January) is good progress being made against 4 targets: <ul style="list-style-type: none"> <li>– 100,000 additional jobs</li> <li>– Better jobs</li> <li>– Reducing gap in private sector jobs density</li> <li>– Reducing gap in economic activity rate</li> </ul> </li> </ul>
7-8	Double page section break: Performance of the North East economy		
9	Introduction	<ul style="list-style-type: none"> <li>• Outline rationale for publishing State</li> </ul>	<ul style="list-style-type: none"> <li>• North East GVA per capita is below</li> </ul>

Page(s)	Topic	Content	Key messages
		<p>of Region</p> <ul style="list-style-type: none"> <li>• Provide summary of key evidence on what makes regions grow</li> <li>• Data on North East Gross Value Added (GVA) per capita and industry</li> <li>• Sources: GVA for LEPs; and Industry by Region by Labour Productivity</li> </ul>	<p>English average</p> <ul style="list-style-type: none"> <li>• Whilst GVA per capita is increasing, rate of increase is below national rate</li> <li>• Productivity is below UK average for most industries</li> </ul>
10	Population	<ul style="list-style-type: none"> <li>• Data showing the North East's population structure</li> <li>• Data showing population projections for the North East</li> <li>• Sources: Population estimates; Population projections; and Local area migration indicators</li> </ul>	<ul style="list-style-type: none"> <li>• North East has fewer young people and more older people than England as a whole</li> <li>• Population growth has been relatively slow compared to England as a whole and this will continue over the medium-term</li> <li>• Similar to other areas, the North East will see a substantial increase in the 65+ population over the next 25 years</li> </ul>
11	Business base	<ul style="list-style-type: none"> <li>• Data showing the North East's business population size and structure (including by business size and sector)</li> <li>• Data showing contribution of different business sizebands to employment and turnover in the North East</li> </ul>	<ul style="list-style-type: none"> <li>• The North East has a lower number of businesses per capita than England as a whole</li> <li>• The North East also has lower levels of business births and deaths</li> <li>• Survival rates (at 1, 2, 3, 4 and 5 years) are similar in the North East as England as a whole</li> </ul>

Page(s)	Topic	Content	Key messages
		<ul style="list-style-type: none"> <li>• Sources: Business demography; and UK business – activity, size and location</li> </ul>	<ul style="list-style-type: none"> <li>• Large businesses account for a small proportion of North East business but a large proportion of employment and turnover</li> </ul>
12	Business growth	<ul style="list-style-type: none"> <li>• Data showing incidence of business growth amongst North East business base</li> <li>• Discussion of key factors influencing business growth in the North East</li> <li>• Sources: UK Local Growth Dashboard; and Octopus High Growth Small Business Report</li> </ul>	<ul style="list-style-type: none"> <li>• Varied findings – some measures show North East has lower rate of businesses growing than other comparator regions, whilst SHGF measure shows strong performance</li> </ul>
13	Access to finance	<ul style="list-style-type: none"> <li>• Data showing volume and value of loans in North East</li> <li>• Data showing volume and value of equity investments in North East</li> <li>• Data showing number of North East specific equity investors</li> <li>• Sources: UK Finance Banking Support for SMEs; and British Business Bank Small Business Finance Markets</li> </ul>	<ul style="list-style-type: none"> <li>• North East businesses have similar rates of securing loan finance as those in other regions – but loan values are on average smaller</li> <li>• North East businesses are less likely than those in other regions to secure equity investment – and the majority of equity investment deals in the North East involve a public sector partner</li> <li>• There is a lack of North East specific equity investors</li> </ul>
14	Trade flows	<ul style="list-style-type: none"> <li>• Data showing imports and exports of goods from North East (including by market, commodity)</li> </ul>	<ul style="list-style-type: none"> <li>• Over 4,000 North East businesses are exporters</li> <li>• Key commodities exported are</li> </ul>

Page(s)	Topic	Content	Key messages
		<ul style="list-style-type: none"> <li>• Data showing number of North East businesses exporting goods</li> <li>• Data showing exports of services from North East (including by market and industry)</li> <li>• Data is for North East region as whole</li> <li>• Sources: HMRC Regional Trade Statistics; and Regionalised estimates of service exports</li> </ul>	<p>chemicals and pharmaceuticals; and machinery and transport</p> <ul style="list-style-type: none"> <li>• The EU is more important destination for the North East's goods exports than nationally</li> </ul>
15	Inward investment	<ul style="list-style-type: none"> <li>• Data showing number of inward investments into North East and jobs created</li> <li>• Sources: DIT Inward Investment results; and Invest North East</li> </ul>	<ul style="list-style-type: none"> <li>• In 2016/17, the North East was most successful region outside of London in securing inward investment</li> </ul>
16-17	Supporting innovation	<ul style="list-style-type: none"> <li>• Data showing proportion of businesses in North East that are innovation active</li> <li>• Data comparing the North East's innovation active businesses to non-innovation active</li> <li>• Data on expenditure on R&amp;D in North East</li> <li>• Data on employment in R&amp;D roles in North East</li> <li>• Data on number of patents, trademarks and designs secured by</li> </ul>	<ul style="list-style-type: none"> <li>• Whilst the proportion of businesses in the North East that are 'innovation active' is similar to the UK as a whole ...</li> <li>• ...the North East has amongst lowest rates of business expenditure on and employment in R&amp;D</li> <li>• ...the North East has amongst lowest rates of patents, trademarks and designs secured</li> </ul>

Page(s)	Topic	Content	Key messages
		<p>applicants from North East</p> <ul style="list-style-type: none"> <li>• Most data is for North East region as whole</li> <li>• Sources: UK Innovation Survey; Business Expenditure on R&amp;D; Intellectual Property Office (Patents, Trademarks and Designs); and EU Regional Innovation Scorecard</li> </ul>	
18-20	Skills	<ul style="list-style-type: none"> <li>• Data showing labour market participation (employment and economic activity rates) in North East</li> <li>• Data showing qualification levels in North East</li> <li>• Data showing labour market demand (total and by industry and occupation) in North East, including forecasts of future demand</li> <li>• Data showing skills provision in North East (numbers engaged in education and training by subject and level)</li> <li>• Data showing skills shortages and gaps in North East</li> <li>• Forecast data is for North East region as whole</li> <li>• Sources: Annual Population Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Economic activity and employment rates in the North East are below English rate but have been improving over time</li> <li>• Qualification levels are lower than English average</li> <li>• Employment density is lower than English average – if North East had same employment density as England as a whole, would have additional 120,000 jobs</li> </ul>



Page(s)	Topic	Content	Key messages
		(APS); Business Register and Employment Survey (BRES); Census 2011; UKCES Working Futures; UKCES Employer Skills Survey; DfE data cube; HESA Students in Higher Education; HESA Destinations of Leavers; Annual Survey of Hours and Earnings (ASHE)	
21-22	Employability and inclusion	<ul style="list-style-type: none"> <li>• Data showing unemployment and economic inactivity rates in North East</li> <li>• Data showing numbers claiming DWP out-of-work benefits (including breakdown by type of benefit) in North East</li> <li>• Sources: Annual Population Survey (APS); DWP Benefit Claimants; and Claimant Count</li> </ul>	<ul style="list-style-type: none"> <li>• North East has higher levels of economic inactivity and unemployment than England as a whole</li> <li>• However, both have been declining over time</li> </ul>
23	Economic assets and infrastructure	<ul style="list-style-type: none"> <li>• Data showing trends in housing, office and industrial property supply and value</li> <li>• Sources: Housing statistics (HCA); Housebuilding: new build dwellings (DCLG); Net housing supply (DCLG); Affordable housing supply (DCLG); Planning decisions (DCLG); Business floorspace and rateable</li> </ul>	<ul style="list-style-type: none"> <li>• To be identified</li> </ul>

<b>Page(s)</b>	<b>Topic</b>	<b>Content</b>	<b>Key messages</b>
		value (VOA); and data from local planning authorities	
24	Transport and digital connectivity	<ul style="list-style-type: none"> <li>To be agreed with NECA</li> </ul>	
25-26	Areas of opportunity and enabling services	<ul style="list-style-type: none"> <li>Mapping of key assets in areas of opportunity and enabling services</li> <li>Data showing employment in North East's areas of opportunity and enabling services</li> <li>Sources: Business Register and Employment Survey (BRES); plus data from areas of opportunity/enabling service working groups</li> </ul>	<ul style="list-style-type: none"> <li>To be identified</li> </ul>
27-28	Implications	<ul style="list-style-type: none"> <li>Draw out key implications from the 'Performance of the North East economy' section for LEP and partners in delivering the SEP</li> </ul>	
29-30	Double page section break: North East in the global economy		
31	The role of trade in the North East economy	<ul style="list-style-type: none"> <li>Data showing more detailed analysis of North East trade (building on data on Page 14)</li> <li>Likely focus to include long term trends, more detailed breakdown by</li> </ul>	<ul style="list-style-type: none"> <li>To be identified</li> </ul>

Page(s)	Topic	Content	Key messages
		<p>industry and supply chain linkages</p> <ul style="list-style-type: none"> <li>• Data is for North East region as whole</li> <li>• Sources: HMRC Regional Trade Statistics; Regionalised estimates of service exports; and World Input-Output Database (WIOD)</li> </ul>	
32	The importance of foreign-owned business in the North East economy	<ul style="list-style-type: none"> <li>• Data showing number of foreign-owned businesses in North East, country of ownership and contribution to employment, turnover and GVA</li> <li>• Data is for North East region as whole</li> <li>• Sources: Annual Business Survey</li> </ul>	<ul style="list-style-type: none"> <li>• A larger proportion of businesses in North East are foreign-owned than across England as a whole</li> <li>• Asian-owned firms account for a larger proportion of foreign-owned businesses than in other areas including a large proportion of employment and turnover</li> </ul>
33	International migration and the North East	<ul style="list-style-type: none"> <li>• Data showing long-term migration to North East from outside UK (in-migration and out-migration)</li> <li>• Data showing proportion of North East population that is non-British and non-UK born</li> <li>• Data showing previous location of in-migrants to North East</li> <li>• Data on characteristics of migrants to North East</li> <li>• Sources: Local area migration indicators; Census 2011; and Annual</li> </ul>	<ul style="list-style-type: none"> <li>• The North East has a lower level of immigration as a % of population than England and UK as a whole</li> <li>• The North East has a lower proportion of non-British and non-UK born residents than England as a whole</li> <li>• Migration has played an important role in ensuring population growth in the North East over the last 10 years</li> <li>• Whilst a larger proportion of North East migrants are economically</li> </ul>

Page(s)	Topic	Content	Key messages
		Population Survey (APS)	inactive, this reflects the importance of international students
34	The international nature of North East universities and colleges	<ul style="list-style-type: none"> <li>• Data showing number of international students at North East universities and colleges</li> <li>• Data showing number of international staff at North East universities and colleges</li> <li>• Data showing international research funding secured by North East universities</li> <li>• Details of other international linkages of North East universities and colleges (including international campuses)</li> <li>• Sources: HESA Students in Higher Education; HESA Staff in Higher Education; DfE data cube; plus data from universities/colleges</li> </ul>	<ul style="list-style-type: none"> <li>• To be identified</li> </ul>
35	The role of international finance in the North East	<ul style="list-style-type: none"> <li>• Data showing value of EU structural and other funds secured by North East</li> <li>• Data showing private (loan and equity investment) finance secured by the North East</li> <li>• Sources: ERDF 2014-2020; ESF 2014-2020; EARDF 2014-2020; and</li> </ul>	<ul style="list-style-type: none"> <li>• To be identified</li> </ul>

Page(s)	Topic	Content	Key messages
		Horizon 2020 <ul style="list-style-type: none"> <li>• Will also seek sources of data on private sector finance flows</li> </ul>	
36	International connectivity	<ul style="list-style-type: none"> <li>• Data showing passenger volumes and destinations through North East ports and airport</li> <li>• Data showing trade volumes and destinations through North East ports and airport</li> <li>• Data showing Newcastle Airport's number of international routes</li> <li>• Sources: To be identified</li> </ul>	<ul style="list-style-type: none"> <li>• To be identified</li> </ul>
37	Other international linkages	<ul style="list-style-type: none"> <li>• Any other data on international linkages available</li> <li>• Discussion of regulatory and legislative context for North East's linkages to global economy</li> <li>• Sources: To be identified</li> </ul>	<ul style="list-style-type: none"> <li>• To be identified</li> </ul>
38	Implications	<ul style="list-style-type: none"> <li>• Draw out key implications from the 'North East in the global economy' section for LEP and partners in delivering the SEP</li> </ul>	

**30 November 2017**

**ITEM 8: LEP Board Membership Update**

**1.0 Background**

1.1 The North East Local Enterprise Partnership Constitution 2011 sets out the parameters for the North East LEP Board membership. The Board is made up of eighteen members as follows:

- Nine private sector members including the Chair and one Vice Chair;
- Seven public sector members including one Vice Chair;
- One Higher Education (HE) member;
- One Further education (FE) member.

This report wishes to highlight three paragraphs in the Constitution and agree next steps.

1.2 Firstly, the original North East LEP members were recruited in the autumn of 2011. The LEP Constitution states in paragraph 3.4 that:

*“The Chair and non local authority Board Members of the NELEP shall be appointed for a term of three years, through public appointment and interview.”*

There is no restriction in the Constitution that prohibits more than one term being served for non-Chair and Vice Chair positions.

However, the LEP Board held in January 2014 considered ‘good governance’. Section 2.2 of the relevant Board report stated:

*“NELEP is not a Company but has been established, and is expected to operate, in accordance with corporate principles of good governance. The UK Corporate Governance Code says: “Any term beyond six years for a non-executive director should be subject to particularly vigorous review, and should take into account the need for progressive refreshing of the Board”.*

Therefore, it is now good practice and timely to review the positions of those Board Members who are at the end of their two terms (six years).

Table One below sets out the Board Members’ start dates for completeness.

1.3 Secondly, the Constitution also states in paragraph 3.5:

*“The term of not more than one third of non-local authority members shall end at the same time and the Board shall determine arrangements to give effect to this provision to ensure continuity in the conduct of its*

business.”

It is therefore suggested that the Chair gives some consideration to a rolling programme of replacement Board members over the medium term, to ensure continuity of business and corporate experience and knowledge.

**Table One – North East LEP Board Membership at 30 November 2017**

Member	Position	Term one start date	Maximum end date after two terms
<b>Private Sector Members</b>			
Andrew Hodgson	Chair	28/01/16	12/04/22
Heidi Mottram	Vice Chair	13/04/16	12/04/22
Paul Varley	Private Sector Member	24/10/11	30/11/17
David Land	Private Sector Member	24/10/11	30/11/17
Gillian Hall	Private Sector Member	10/12/13	06/12/19
Andrew Moffat	Private Sector Member	13/04/16	12/04/22
Mark Thompson	Private Sector Member	13/04/16	12/04/22
Farooq Hakim	Private Sector Member	13/04/16	12/04/22
Ammar Mirza	Private Sector Member	24/11/16	23/11/22
<b>Also to note previous Vice Chair position</b>			
Andrew Hodgson	Vice Chair	24/10/11	20/11/14 – 28/01/16
<b>Education Members</b>			
Andrew Wathey	HE Member	28/01/16	n/a
Karen Redhead	FE Member	24/11/16	n/a
<b>Public Sector Members</b>			
Cllr Forbes	Public Sector member	24/10/11	
Cllr Gannon	Public Sector member	26/05/16	
Cllr Henig	Public Sector member	24/10/11	
Cllr Jackson	Public Sector member	25/05/17	
Cllr Malcolm	Public Sector member	24/10/11	
Mayor Redfearn	Public Sector member	24/10/11	
Cllr Trueman	Public Sector member	30/11/17	

1.5 Thirdly, Appendix 5 of the Constitution states that:

*“The Chair and Vice-Chairs shall be entitled to serve a maximum of two individual terms; the duration of each will be a maximum of three years.”*

The Constitution does not prohibit a Vice Chair moving into the Chair’s position providing the position held is no more than 6 years in each office. The Board are asked to note this position.



## **2.0 Proposal**

2.1 It is proposed that the Board:

1. Further endorses the guidance considered by the Board in January 2014 as follows:

*“The NELEP is not a Company but has been established, and is expected to operate, in accordance with corporate principles of good governance. The UK Corporate Governance Code says: “Any term beyond six years for a non-executive director should be subject to particularly vigorous review, and should take into account the need for progressive refreshing of the Board”.*

2. Ratifies and confirms the second terms' dates in table one above.
3. Moves forward as follows with the positions held by Paul Varley and David Land as they are both at the end of two terms of office.
  - The North East LEP Chair recruits one new member using the Nolan Principles to replace Paul Varley with a view to have a new member by the March 2018 Board meeting. It is proposed that the interview panel is made up of the Chair and private sector Vice Chair of the Board, plus a public sector Board Member. It is assumed that the Chair of the North East Combined Authority will take up the public sector Vice Chair role on the Board and be part of the interview panel. If the Chair of NECA appointment is not made prior to the interviews, the public sector members of the NECA will nominate a representative to the interview panel;
  - Notwithstanding proposal one above, the Chair has spoken to David Land and requested that he remains on the Board for a further year to lead and embed the changes to the refreshed Investment Board governance to ensure a smooth and effective transition, given he is Chair of the Investment Board;
4. Supports the Chair for him to personally review with each private sector Board Member on a one-to-one basis their intentions around stepping down from the Board at the appropriate time, to enable a timely rotation of membership and to protect the continued corporate knowledge and experience on the Board;
5. Note the position set out in paragraph 1.5.

## **3.0 Recommendation**

3.1 The Board is asked to approve the five point proposal as set out in paragraph 2 above.

## **5.0 Background document - The North East LEP Constitution 2011**

**30 November 2017**

**Item 9: North of Tyne Devolution Deal**

**1.0 Background**

1.1 A 'minded to' devolution deal for the three North of Tyne local authorities was announced in the Budget Statement and at a launch event on Friday 24 November.

This paper outlines the content of the proposed deal, next steps and timelines.

A key next step will be the publication of a consultation document on the Governance Review document, which sets out the case for the new North of Tyne Mayoral Combined Authority and changes in current governance arrangements. The North East LEP will have the opportunity to respond to this document.

**2.0 The 'minded to' North of Tyne Devolution Deal**

2.1 The devolution deal will see the creation of a Mayoral Combined Authority for the North of Tyne area, including the geographies of Newcastle, North Tyneside and Northumberland. It would lead to:

- A new, directly elected North of Tyne Mayor, acting as Chair to a new North of Tyne Combined Authority.
- Control of a £20 million per year allocation of revenue funding, over 30 years, to be invested by the North of Tyne Combined Authority to drive growth and take forward its economic priorities.
- Establishment of an Inclusive Growth Board, with Government participation, to better integrate skills and employment programmes across the area, including a North of Tyne Education Improvement Challenge.
- Devolution of the Adult Education Budget for the area to allow North of Tyne to shape local skills provision to respond to local needs.
- Opportunity to secure funding for pilots to help North of Tyne residents with particular barriers to employment into work.
- Establishment of a Housing and Land Board, with powers to the Combined Authority to acquire and dispose of land, and mayoral powers to take forward compulsory purchases and establish Mayoral Development Corporations, as a foundation for North of Tyne's housing and regeneration ambitions.
- Driving improvements to rural growth and productivity, and becoming a Rural Business Scale up Champion for England.
- More effective joint working with the Department for International Trade to boost trade and investment in the area.
- Collaborative working with Government to support North of Tyne in taking



forward its considerable ambitions around digital capability and infrastructure, and low-carbon energy.

- A statutory Joint Committee to exercise transport functions jointly on behalf of the North of Tyne and North East Combined Authorities.

Further powers may be agreed over time and included in future legislation.

The 'minded to' Deal indicates clearly that it will support delivery of the North East Strategic Economic Plan and an economic and social impact assessment has estimated that it will deliver an additional £1.1 billion GVA to the economy, creation of 10,000 additional jobs and the leverage of over £2.1bn in private investment.

### **3.0 Timelines**

- 3.1 There are a number of key milestones which will lead to the creation of the Mayoral Combined Authority and the election of the Mayor in 2019.

The key next step will be publishing a consultation on the Governance Review and draft scheme which will give economic partners, other key stakeholders and the general public the opportunity to comment.

Key points of consultation will be the extent to which the proposals meet the statutory tests which relate to the economic geography of the deal and whether the content will improve the performance of economic development and transport functions within the area.

The Consultation period will be launched in mid-December following meetings of the three Local Authorities and will conclude on 5th February 2018.

### **4.0 Organisational implications for the North East LEP**

- 4.1 There is no proposal to amend the boundary of the LEP, which will remain at a geography covering all seven local authorities, with the North East Strategic Economic Plan (SEP) remaining the primary economic policy document for the area.

The 'minded-to' Deal has been articulated in the context of the SEP and will bring new investment, powers and freedoms into the North East LEP area, offering new tools and resources to take forward SEP priorities in a number of areas. As a key partner, the LEP would share responsibility for developing the implementation plans for the Deal with the 3 Local Authorities and Government.

Within the 'minded to' deal document there are approaches to delivery, co-ordination and joint working envisaged in a number of areas, including recognition of the need to develop structures to enable the leadership of programmes and projects at appropriate spatial levels. There will be proposals for new structures to ensure continuity of some functions currently undertaken by the North East Combined Authority, which are at a geography wider than the three local authorities, in particular, the creation of a joint Committee to oversee regional transport.

There are a number of potential implications for the work of the North East LEP including at Governance and operational level. Examples of these could include:



- Representation of the North East LEP on the Board of the new North of Tyne Combined Authority, and vice versa with, the potential for the LEP to act as a portfolio holder for the North of Tyne Combined Authority, on appropriate functions;
- Structures of co-ordination between North of Tyne leads and LEP programmes;
- The potential to draw from established expertise, for example in programme development and project assurance;
- Communications.

Looking forward, other issues to consider could include:

- expectations of alignment with the SEP, and any future Local Industrial Strategy brought forward as a result of the UK Industrial Strategy
- a need to ensure that roles with reference to future post-Brexit resource schemes, such as the proposed UK Shared Prosperity Fund are appropriately organised
- roles with reference to engagement with external vehicles, such as Transport for the North and Northern Powerhouse, and with Government departments such as DiT are agreed.

## **5.0 Next steps for the North East LEP**

5.1 The immediate next step for the North East LEP should be to consider the consultation document on the Governance Review and Proposed scheme in time for the end of the consultation period on 5th February 2018.

The Board is asked to consider establishing a working group on a task and finish basis to consider the issues set out in the Consultation paper and oversee the development of the LEP response to be considered at the LEP Board meeting on 25 January. It is proposed that this working group is made up of the Chair, private sector Vice Chair, one education member and one private sector member to ensure the voice of business and the needs of the education sector are represented.

## **6.0 Recommendation**

6.1 The Board is asked to:

- Note the content of this report;
- Agree to establish a small working group as set out in paragraph 5.1 above.

