



NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

Thursday 19 November 2015 at 5.00pm

Held at North East Local Enterprise Partnership, 1 St James' Gate, Newcastle upon Tyne

MINUTES

Present:

Paul Woolston	Chair, NELEP
Gillian Hall	Watson Burton
Andrew Hodgson	SMD North Tyneside
David Land	Drive 2 Business
Jeremy Middleton	Middleton Enterprises
Councillor Nick Forbes	Leader, Newcastle City Council
Councillor Simon Henig	Leader, Durham City Council
Councillor Mick Henry	Leader, Gateshead Council
Councillor Iain Malcolm	Leader, South Tyneside Council
Councillor Paul Watson	Leader, Sunderland City Council
Professor Peter Fidler	University of Sunderland
Jon Vincent	Association of North East Colleges

In Attendance:

Helen Golightly	LEP Chief Operating Officer
Adam Wilkinson	Interim Head of Paid Service, NECA
Gillian Kelly	Sunderland City Council

Apologies

Dr Arnab Basu

Michael Bellamy

Paul Varley

Councillor Grant Davey

Mayor Norma Redfearn

Technology Business Kromek

PII Pipeline Solutions

Oddballs

Leader, Northumberland County Council

North Tyneside Council



	ACTION
<p>1. WELCOME FROM THE CHAIR AND OPENING REMARKS</p> <p>The Chair welcomed everyone to the meeting and thanked them for their attendance.</p> <p>Jon Vincent was welcomed to his first meeting of the North East LEP Board. Jon introduced himself to the Board, advising that he was Principal and CEO of TyneMet College and had taken over from Anne Isherwood as the representative of the Association of North East Colleges.</p> <p>The Chair informed the Board that it was Peter Fidler's last meeting and thanked him for his contribution and wished him well in his retirement. Professor Andrew Wathey, Vice Chancellor of Northumbria University, would represent the Higher Education sector at future LEP Board meetings.</p>	
<p>2. MINUTES AND MATTERS ARISING</p> <p>The minutes of the Board meeting held on 24 September 2015 and the confidential minutes of the special meeting held on 3 November 2015 were agreed as a correct record.</p> <p>Innovation Presentation</p> <p>The Chair advised that the bid to Innovate UK for the 'Internet of Things' had been unsuccessful.</p>	
<p>3. NORTH EAST INVESTMENT FUND</p> <p>The Board received a report setting out a proposal to identify revenue resources to ensure that the North East Investment Fund (NEIF) utilised revenue funding to enable it to remain evergreen and a funding application to the NEIF.</p> <p>(a) Programme Management Funding</p> <p>The North East Investment Fund (NEIF) comprised of Growing Places (GPF) and Regional Growth Funding (RGF) and each of these funds included revenue finance within their original allocation to cover the costs of administration of the programme. This revenue funding had covered staffing and external support costs and allowed applicants to receive loans without incurring fees. However, this funding had now been allocated and an alternative funding source needed</p>	



to be identified to cover external legal and specialist advice and due diligence and staffing costs.

Financial modelling work had been carried out and it was proposed to charge applicants a standard 1% of the amount which the applicant wished to borrow. The principles for this arrangement would be: -

- (1) **Timing of Fees Payable** – Fees would only be incurred after an initial assessment and review of the business case application form by the LEP Executive Team and approval sought from the Investment Panel to proceed.
- (2) **Withdrawal of Application** – If an application was withdrawn at any point by an applicant then all fees incurred to date would be fully reimbursed to the NEIF.
- (3) **Unsuccessful Application** – If the North East LEP could not proceed with the application due to an issue raised at the due diligence stage, the fees to date would be split 50/50 with the applicant.
- (4) **Exceptional Circumstances** – If it was deemed that specific reports were required which were outside of the normal scope of legal and due diligence advice, an increased charge may be levied against the applicant.

The Board were also advised that the GPF and RGF allocation had included 2.5% revenue funding and it was proposed that a 2.5% revenue fee was taken from the recycled GPF monies and up to £50,000 per year of the recycled funds used to manage the programme from this source. Profiling of this for the next five years showed that this proposal could be accommodated from the repayments and still result in a surplus at the end of the period.

The Board AGREED that: -

- (i) **the charging of external fees for each NEIF application as set out according to the principles above be approved; and**
 - (ii) **up to £50,000 be used from the GPF repayments each year to cover programme management costs.**
- (b) **Funding Application to NEIF**

Confidential due to commercial information.



(c) JEREMIE 2 Update

The Board received a tabled report providing an update on the proposals for JEREMIE 2.

The Board were advised that the JEREMIE 2 project team and project board had been working to put in place a successor to the Finance for Business North East Fund North and the existing proposal was to create a fund of £160m for SMEs based on evidence and recommendations from the European Investment Bank “SME Access to Finance Market Assessment Block Two Proposed Investment Strategy for the ‘North East Region’ of England”. The project board included representatives from the Tees Valley and North East LEPs, the Department of Communities and Local Government (DCLG), the British Business Bank and North East Access to Finance.

The British Business Bank had undertaken the development of a delivery plan based on it acting as an ‘Entrusted Entity’ for the Northern Powerhouse Investment Fund (NPIF) which would be worth around £500m and would bring ERDF/EIB/Legacy funds into a single Fund of Funds structure. The NPIF would be based in Sheffield and the bank would be responsible for the procurement of a fund manager framework to run a suite of micro, debt and equity funds across the Northern Powerhouse.

The Government had stated that no LEP would be forced to participate in an NPIF and the JEREMIE 2 project board had recommended that the North East continued with its own proposal, the main reason for this being that the North East already had a successful programme and delivery mechanism and this was not the case in Yorkshire and the North West. It was felt that basing the fund in Sheffield would not be beneficial to the region and there was no guarantee that legacy funds would come back to the same area.

As it was considered to be fundamental for the North East to retain its own funds and ecosystems, the Board was recommended to reconfirm that the North East LEP would not be contributing to the Northern Powerhouse Investment Fund as currently invited.

The Board were reminded the current policy position of the North East LEP was to ensure that fund managers were based in the North East LEP area, that money being invested was retained in the North East and not diluted into the



<p>Northern Powerhouse and that control be retained within that fund within the North East.</p> <p>Accordingly, the Board AGREED to confirm to the British Business Bank that the North East LEP would not be contributing to the Northern Powerhouse Investment Fund as currently invited.</p>	
<p>4. PAPERS FOR INFORMATION</p> <p>The Board received reports for information on the following: -</p> <ul style="list-style-type: none"> • Innovation Update • Business Support and Access to Finance Programme • Skills • Employability, Inclusion and Skills • Economic Assets and Infrastructure • Transport and Digital Connectivity • Refreshing the Strategic Economic Plan • European Structural and Investment Funds Strategy <p>The Board AGREED that the updates be noted.</p>	
<p>5. ANY OTHER BUSINESS</p> <p>There was no other business.</p>	
<p>6. DATE AND TIME OF NEXT MEETING</p> <p>The next Board meeting will be held on Thursday 28 January 2016 at 5.00pm.</p>	