

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

Thursday 23 May 2019 at 5.00pm

Held at the Eagles Community Arena, Scotswood Road, Newcastle

DRAFT MINUTES to be ratified at the LEP Board on 25 July 2019

Present:

Andrew Hodgson	Chair, North East LEP
Farooq Hakim	Oracle
Gillian Hall	
David Land	Drive 2 Business
Ammar Mirza	AmmarM (UK) Limited
Andrew Moffat	
Heidi Mottram	Northumbrian Water Group
Mark Thompson	Ryder Architecture
Kate Wickham	Gate7 Group
Cllr Nick Forbes	Leader, Newcastle City Council
Cllr Iain Malcolm	Leader, South Tyneside Council
Mayor Norma Redfearn	North Tyneside Council
Ellen Thinnesen	Sunderland College

In Attendance:

Louis Taylor	UK Export Finance, Senior Whitehall Sponsor for the North East LEP
Adrian Coates	Area Lead, Department for Business, Energy and Industrial Strategy
Helen Golightly	Chief Executive, North East LEP
Paul Woods	Section 73 Officer, North East Combined Authority
Richard Baker	Head of Strategy and Policy, North East LEP

Apologies

Stuart Corbridge	Durham University
Councillor Martin Gannon	Leader, Gateshead Council
Councillor Simon Henig	Leader, Durham County Council
Councillor Peter Jackson	Leader, Northumberland County Council
Councillor Graeme Miller	Leader, Sunderland City Council

1. WELCOME FROM THE CHAIR AND OPENING REMARKS

The Chair welcomed everyone to the meeting and thanked them for their attendance.

Board Members were made aware that the meeting was inquorate, however the Board's recommendations would be sent to Board members for agreement by written representations after the meeting.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES AND MATTERS ARISING

The minutes of the Board meeting held on 21 March 2019 were agreed as a correct record.

Action Log

The Chief Executive advised that all of the actions had been completed or were on the agenda for the meeting.

4. SEP DELIVERY PLAN PROGRESS UPDATE

The Board received an update on the delivery plan setting out the progress against Strategic Economic Plan (SEP) actions and the performance against plan targets since 2014.

At the last meeting it had been requested that the most significant matters in the progress update be highlighted and the two-page summary report aimed to provide this for Board Members. Matters to note since the previous meeting were set out within the report and one highlight was that the North East LEP was now the most followed LEP in the country on Twitter.

Mark Thompson referred to a recent meeting to discuss inward investment in the North of Tyne area. It was noted that this work had been paused in the run up to the mayoral election but that it was felt that this activity would be revisited once the Mayor had developed his thinking on this matter.

The Chair commented that it was great to see that progress continued to be made across all areas and that there was still momentum in each programme.

The 'Our Economy' event had been held a few weeks ago and a two-minute video had been shown which explained the SEP and the areas of

opportunity within it. The video clip had also been placed on the North East LEP website and had received over 6,000 views in the first 24 hours. The Chair commended the work which had gone into the video and highlighted that it had also been picked up a lot on social media

The Board NOTED the Programme Delivery Update.

5. ANNUAL DELIVERY PLAN 2019/2020

The Board were advised that the Government required each LEP to produce an Annual Delivery Plan for the period 2019/2020 and submit it to the Government by 31 May 2019. LEPs were also asked to produce an End of Year report in Spring 2020.

A national group, chaired by Andrew Hodgson, had agreed on a structure for the document and a draft was presented to the Board for endorsement. The Chair explained that the template was developed so that there was a consistent approach and commonality between LEPs.

The Board felt that it was useful to have all of the information in one place and to see what needed to be actioned, however there was some concern expressed about the deliverables and a feeling that these needed to be smarter. The Chief Executive said that this area would be tightened up, particularly in relation to the year one deliverables of the three-year SEP.

It was confirmed that the Delivery Plan would be placed on the website once submitted to the Government.

There was a large amount of work set out within the Delivery Plan and it was queried if there was a priority list of where the focus should be. The Chief Executive commented that the North East LEP had committed to deliver everything in the plan but it was noted that part of the process next year would be to say what had, and what had not, been done.

The vast majority of the actions would be down to the LEP Executive Team to deliver but delivering on projects relating to the local growth fund and other funding regimes would be reliant on partners.

The Board RESOLVED that: -

- (i) the draft Annual Delivery Plan 2019/2020 be endorsed; and**
- (ii) final sign off be delegated to the LEP Chief Executive.**

6. BUDGET UPDATE

The Board received a report providing an update on the final outturn revenue budget position for 2018/2019, including the performance of the Enterprise Zone account, Local Growth Fund and North East Investment Fund. The report also provided an update on this year's budget and an illustration for the following two years.

The Board were directed to the table showing the Revenue Budget Outturn for 2018/2019 and it was highlighted that there had been a projected drawdown from the LEP reserve of £0.283m when the original budget was set, however there was a good prospect of additional income and potential savings which would enable the LEP to manage delivery of its activity with a smaller draw on reserves at the year end.

The budget for 2019/2020 had originally envisaged a draw on reserves of £342,000 but this had now been revised to £36,000. It was expected that the budget would be balanced by the end of the year and a draw on reserves would not be required. For the projected 2020/2021 and 2021/2022 budget, if no additional income was identified and costs were estimated to exceed the available grant and core contributions, the deficit would be £400,000 in year two and £552,000 in year three. This deficit would be supplemented from the assumed surplus in the Enterprise Zone account, as previously agreed by the Board, up to £500,000 in each financial year. The projected budget for 2021/2022 was a worse case scenario prior to future Government funding being announced.

It was noted that the LEP managed uncertainty of funding with fixed term staffing contracts but the core LEP staff were on permanent contracts. Staffing for specific projects was advertised as being on a fixed term basis and funding for the Gatsby project was an example of this.

The Board supported the activity levels and were pleased to see an illustrative budget for 2020/2021 and 2021/2022.

The Board RESOLVED that: -

- (i) the positive budget outturn position for 2018/2019 be noted;
- (ii) the 2019/2020 budget and the 2020/2021 and 2021/2022 medium term budget illustrations for the North East LEP be noted; and
- (iii) the potential requirement to draw down up to £500,000 from the Enterprise Zone account in financial years 2020/2021 and 2021/2022 in line with a previous LEP Board approval be noted.

7. LEP GOVERNANCE

The Government had issued a policy paper 'Strengthened Local Enterprise Partnerships' in July 2018 which was the result of a detailed review of LEPs nationally. There were a number of requirements set out within the document which LEPs were required to implement. The North East LEP already complied with, or was on target to, implement 16 of the 20 requirements. Four outstanding requirements were presented for the Board's consideration. These were to: -

- develop a process for appointing future Chairs and Vice Chairs including consultation with the business community before appointing a new Chair or Vice Chair;
- have a Voluntary and Community Sector (VCS) representative on the Board;
- have at least two-thirds of the Board from the private sector; and
- have one third female Board members from March 2020 and one half by 2023.

The LEP Constitution sets out a clear process for appointing the Chair and Vice-Chair and it was proposed that a public advert and the Nolan Principles continue to be used to fill any private sector vacancy within the Board. A Chair and Vice-Chair would then be elected from the Board's membership. To further strengthen the process it was proposed that the North East LEP:

- utilises the support offered by Government through their recruitment media to fill vacancies as required; and
- liaises with the business representative organisations ahead of the relevant Board meeting to understand their preference for the Chair and Vice-Chair(s) to inform the Board's decision.

At a Board workshop held in January 2019, the Board had discussed and endorsed the appointment of a VCS representative and the Board were asked to formally approve this proposal to enable the Executive Team to move forward with recruitment.

The current Board make up exceeded the required ratio of public/private sector members as there were currently seven out of 18 public sector members who were the Leaders or Elected Mayor of the seven local authorities as required by the Constitution.

It was suggested that one of the seven local authority members became a non-voting observer or co-opted member of the LEP Board and that this position would rotate on an annual basis between authorities. This would mean that six out of 18 Board members would be from the public sector and fulfil the requirement for Board membership to be at least two thirds private sector. A second proposal to have three members from NECA and three members from NTCA was proposed. The Board discussed the options and agreed to defer this element of the paper for a further discussion.

Turning to the gender balance on the Board, it had been noted that the Government review had failed to recognise that half of the current LEP Board were members by virtue of their public or employment positions. It was proposed that the recruitment of new private sector and VCS Board members during 2019 could enable the Board to be one third female by March 2020. Achieving a 50:50 gender balance by March 2023 would be the subject of further discussion.

The report also set out other proposals for strengthening the LEP governance model. To reflect regional combined authority governance changes both the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA) had been asked to nominate a member to each of the LEP Advisory Boards and these had now been received.

The Constitution currently provided for one private and one public sector Vice Chair and it was proposed that, to reflect the changes in regional governance, there would now be three Vice Chairs nominated; one private and two public.

The process which had been used to recruit Board members over recent years was to be formalised and it was proposed that public recruitment be undertaken utilising the networks of local business representative organisations and the Government's recruitment media as required. The Chair and Vice-Chairs would shortlist, interview and appoint new Board Members. A Board induction policy would also be developed and delivered for new members.

Board members had previously had discussions on the Board quorum and there had previously been a consensus that a simple majority of 10 out of 18 members would make up a quorum or 10 out of 19 if the additional VCS position was endorsed. If a meeting was inquorate then a written representation procedure would be initiated within three working days of the Board meeting; this formalised current practice. If a vote was required on any matter, a simple majority vote would apply and the Chair would not have a casting vote. Councillor Malcolm sought clarification if there was a legal requirement to have a public sector quorum on the Board. The LEP Chief Executive said that she would clarify the position after the Board meeting.

As previously set out, the Constitution provided for seven local authority members. Following the regional governance changes and the creation of the two combined authorities, it was proposed that four of the members be elected Members from the NECA area and three from the NTCA area. The NTCA may choose to have the North of Tyne Mayor as one of their three members. This was also deferred as it was linked to the public/private sector member ratio debate.

It was highlighted that Ammar Mirza was currently designated the Small and Medium Enterprise Board Member Champion and that a Board Member would also be designated as an Equality and Diversity Champion.

The North LEP had been advised by both NECA and NTCA of their portfolio areas and leads and both combined authorities would hold Annual Meetings in June to confirm the leads for the 2019/2020 period. It was important the partnership arrangements were reciprocated and that the LEP had representatives on the governance groups of the combined authorities. This request had been made to NECA and NTCA.

The Board were supportive of all of the recommendations, except paragraphs 2.3 and 3.7. There was discussion around the arrangements for representation from the two combined authorities and the public sector board membership and it was agreed that this should be deferred to give an opportunity for further discussion.

Having considered the report **the Board RESOLVED that: -**

- (i) the process set out in paragraph 2.1 for the appointment of a future Chair and/or Vice-Chairs including consultation with the business community be agreed;**
- (ii) the additional of a Voluntary and Community Sector Member to the Board be agreed;**
- (iii) it be agreed that greater gender diversity could be achieved by the recruitment of new private sector members and a VCS member;**
- (iv) the proposals set out in paragraphs 3.1 to 3.6 and 3.8 be agreed as follows: -**
 - the proposed NTCA and NECA representatives on the four LEP Advisory Boards be agreed;**
 - the proposal to have three Vice-Chairs – one private sector, one from NTCA and one from NECA be agreed;**
 - the recruitment process for replacement private sector members be agreed;**
 - the development of a Board Induction Policy be noted;**
 - a quorum of 10 members be agreed;**
 - a simple majority vote if consensus cannot be achieved where the Chair does not have a casting vote, be agreed; and**
 - the Board continue to have an SME Board Member Champion and that an Equality and Diversity Board Champion be designated.**
- (v) the amendments agreed in the recommendations above be reflected in the Constitution and the sign off of the updated Constitution be delegated to the Chair of the LEP Board; and**
- (vi) the NECA and NTCA governance in paragraphs 4.1 and 4.2 and the request by the LEP to reciprocate arrangements be noted.**

8. LOCAL INDUSTRIAL STRATEGY UPDATE

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

The Board received a report and a presentation providing an update on the development of the North East Local Industrial Strategy.

The Board RESOLVED that: -

- (i) the background outlined in the report be noted;**
- (ii) the findings from the evidence base which had been developed be noted;**
- (iii) the proposed vision, objectives and key performance indicators be noted;**
- (iv) the key propositions set out in the report, which will be developed over the coming months with partners be endorsed;**
- (v) any additional proposals for consideration for inclusion in the LIS be suggested; and**
- (vi) the proposed next steps, including the wider regional engagement and discussion with the Government be noted.**

9. NORTH EAST INVESTMENT FUND REVIEW

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

The Board received a report setting out the work which had been undertaken to date on the review of the North East Investment Fund (NEIF).

The Board RESOLVED that: -

- (i) it be agreed in principle to establish a North East Property Fund and to progress the next stages of the necessary development and diligence work as set out in the report;**
- (ii) it be agreed in principle to the establishment of the Strategic 'Game Changer' grants facility subject to the completion of agreed activities and preparation of a business case for the LGF underspend; and**

- (iii) **final decisions on the approval of the NEIF be made following further discussions and recommendations by the North East LEP Investment Board to the full LEP Board later in 2019.**

10. FUNDING UPDATE AND DECISIONS

This report was strictly confidential as it contained commercial information relating to the financial or business affairs of a particular person or organisation and was not for wider circulation.

The Board received a report which: -

- summarised projects approved under delegated authority since the last Board meeting;
- provided a funding programmes round up, including Local Growth Funding budget and draft performance outturn figures for 2018/2019; and
- set out in detail the latest Enterprise Zone site financial modelling forecasts.

Having considered the report, **the Board RESOLVED that: -**

- (i) **the funding decisions made under delegated procedures be noted;**
- (ii) **the 2018/2019 LGF budget and performance position and forecasts for 2019/2020 be noted;**
- (iii) **the four outlined topic areas on which to focus the de-allocated LGF resources be considered and endorsed, with firmer proposals to be provided to the next Investment and LEP Board meetings; and**
- (iv) **the projection of business rate income from Enterprise Zones and associated action be noted, the intention to bring a report back in January 2020 be noted and latest Enterprise Zone site infrastructure plans and latest financial modelling be endorsed.**

11. ANY OTHER BUSINESS

There was no other business.

12. DATE AND TIME OF NEXT MEETING

The next meeting of the LEP Board would take place on Thursday 25 July 2019 at 5.00pm.

