

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP BOARD

Thursday 25 July 2019 at 5.00pm

Held at the Beacon of Light, Stadium Park, Keir Hardie Way, Sunderland, SR5 1SN

DRAFT MINUTES to be ratified at the LEP Board on 19 September 2019

Present:

Andrew Hodgson	Chair, North East LEP
Farooq Hakim	Oracle
David Land	Drive 2 Business
Andrew Moffat	
Mark Thompson	Ryder Architecture
Councillor Martin Gannon	Leader, Gateshead Council
Councillor Simon Henig	Leader, Durham County Council
Councillor Peter Jackson	Leader, Northumberland County Council
Cllr Iain Malcolm	Leader, South Tyneside Council
Stuart Corbridge	Durham University
Ellen Thinnesen	Sunderland College

In Attendance:

Andrew Battarbee	Regional Director, Department for Business, Energy and Industrial Strategy
Adrian Coates	Area Lead, Department for Business, Energy and Industrial Strategy
Helen Golightly	Chief Executive, North East LEP
Paul Woods	Lead Financial Consultant, North East Combined Authority
Richard Baker	Head of Strategy and Policy, North East LEP
Laura Partridge	LEP Digital Programme Lead
Scott Dickinson	Steer Consultants
Gillian Kelly	Sunderland City Council (Minutes)

Apologies

Gillian Hall	Gillian Hall Consulting Limited
Ammar Mirza	AmmarM (UK) Limited
Heidi Mottram	Northumbrian Water Group
Kate Wickham	Gate7 Group
Cllr Nick Forbes	Leader, Newcastle City Council
Councillor Graeme Miller	Leader, Sunderland City Council
Mayor Norma Redfearn	North Tyneside 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 advised that the Beacon of Light had been supported through the Local Growth Fund Programme and the North East LEP was promoted by the facility.

2. DECLARATIONS OF INTEREST

Councillor Jackson declared an interest in item 5, 'LEP Accountable Body' as member of the North of Tyne Combined Authority and item 6 'Funding Update' as the Leader of Northumberland County Council.

3. MINUTES AND MATTERS ARISING

The minutes of the Board meeting held on 23 May 2019 were agreed as a correct record.

LEP Governance

The Chief Executive advised that the written representations had been completed to ratify the decisions made at the last Board meeting with the exception of a small number of matters in relation to the LEP Governance report.

Item 7 considered at the May 2019 Board on LEP Governance recommended revisions to the quorum and voting propositions. These two aspects of the report were not supported by all Board Members during the written representation procedure. Therefore, a revised proposition would be brought to the next meeting that would cover both of these points, plus a revised proposition on complying with the public: private Board member ratio, which was deferred at the May Board meeting.

The Chief Executive referred to the nominations from the combined authorities to the LEP advisory boards and advised that a change had been requested in relation to the North East Combined Authority nominations to the Innovation Delivery Advisory Board and the Business Growth Advisory Board. Councillor Graeme Miller was now to sit on the Business Growth Advisory Board and Patrick Melia would retain his current position on the Innovation Delivery Advisory Board.

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.

The key highlights were set out within the covering report with the majority of areas reporting positive progress. Unfortunately, an expression of interest to become a Future Mobility Zone had not been shortlisted by the DfT, however this remained part of the Transforming Cities Bid being delivered.

It was noted that Economic Resilience was rated as amber in relation to Brexit and, given the recent change in Prime Minister and the 31 October target date, it was queried if the North East had a list of what it wanted in relation to remedies and/or compensation.

The LEP Chief Executive advised that the Brexit Group had done a lot of work in preparation and had a watching brief and a clear understanding of priorities and portfolios. An ask would be prepared in line with the Autumn budget statement and consideration had been given to what was needed in the region in the short term in particular in relation to businesses' cashflow and financial support.

The Chair noted that the Northern Powerhouse Chairs were also developing a letter for the Government. In terms of broader activities, a number of letters had been sent to the Prime Minister including one on the steel industry and another on more general matters. The Prime Minister had demonstrated a commitment to the Northern Powerhouse during his campaign and contact would be made with industry ministers as they were appointed.

It was highlighted that part of the solution would be to know how bad the scale of the problem could be and impact assessments prepared for the Government predicted that the North East would be the most adversely affected region with a potential 16% decline in GDP. Work was going on at a local authority level but it was not clear that Government had a grip on the scale of the potential impact at a North East level.

The Brexit Group had carried out monitoring work and looked at predictions at a spatial level. Durham University had published a study looking at the impacts and issues associated with three scenarios; a no deal Brexit, a managed deal or if it did not go ahead at all. The Chair suggested that a summary note of this research could be circulated to the LEP Board Members.

In simplistic terms, the North East LEP needed to be ready with its 'ask' and to be ready to compensate for adverse impacts with the support from Government.

With regard to Inward Investment it was confirmed that a graduate had been recruited to add capacity to the Invest North East England team.

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The Chair referred to the performance against the SEP targets and that 71,600 jobs had been created since 2014. This was at odds with a recent report from the Institute for Public Policy Research which cited a much lower number. He asked the LEP team to look into these figures.

The Board NOTED the Programme Delivery Update.

5. LEP ACCOUNTABLE BODY

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 seeking agreement to continue to progress preparation to change the North East LEP's accountable body.

The Board RESOLVED that: -

- (i) the proposition from both combined authorities to change the North East LEP's accountable body from the North East Combined Authority to the North of Tyne Combined Authority be noted;**
- (ii) the progress to date and the work ongoing to enable the transfer of the accountable body role to the North of Tyne Combined Authority be noted; and**
- (iii) that it be agreed in principle to change the North East LEP's accountable body from the North East Combined Authority to the North of Tyne Combined Authority and delegate final approval and sign off of the Accountable Body Agreement, which will address the matters in part 3 of the report and the enable the transfer to happen, to the Chair and Vice-Chairs of the LEP Board.**

6. 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 two Local Growth Fund (LGF) programme projects which were recommended by the Investment Board for LEP Board approval;
- provided a summary of decisions taken under delegation since the last Board meeting; and

- provided a funding programme round up, including the latest LGF 2019/2020 and lifetime budget expenditure forecasts and the Enterprise Zone programme site infrastructure investments and the medium-term business rates income and annual surplus projections.

The Board RESOLVED that: -

- (i) an LGF grant to extend the North East Rural Growth Network ‘SEIF’ programme be approved subject to conditions;**
- (ii) an LGF budget allocation be approved for the North East Energy for Growth Programme Phase 1 subject to conditions;**
- (iii) authority be delegated to the Chief Executive to approve projects under the North East Energy for Growth project up to a grant value of £150,000 with any projects in excess of this sum to be approved under delegation to the North East Investment Board;**
- (iv) the funding decisions taken under delegation be noted;**
- (v) the principle of utilising Enterprise Zone funding for off-site works relating to the North Bank of Tyne Enterprise Zone be approved and a funding cap agreed;**
- (vi) the proposed use of the Holborn 2 Enterprise Zone be approved in principle;**
- (vii) authority be delegated to the Chief Executive to determine the request for the change of use of Enterprise Zone land on the Holborn site; and**
- (viii) the updated Enterprise Zone Medium-Term Financial Modelling, assumptions on income generation and capital financing proposals be noted.**

7. STRATEGIC ECONOMIC PLAN EVALUATION

Scott Dickinson of Steer-ED was in attendance to deliver a presentation on the first year of the evaluation of the Strategic Economic Plan (SEP).

The purpose of the evaluation was to assess the effectiveness and impact of the delivery of the SEP, to assess the effectiveness of the LEP in its varied strategic roles and to provide expert advice and feedback on fund and project evaluations.

The evaluation was a three year programme with Year 1 seeing Steer-ED completing a number of tasks including developing logic chains, data mapping, an economic baseline report, one to one interviews with

stakeholders and a qualitative analysis of LEP Board reports. The evaluation also looked at activity by the North East LEP which could be considered as providing 'Strategic Added Value' through its strategic leadership role. There had been good feedback in relation to the SEP with considerable progress having been made in developing the strategic vision and there was also a positive view of the LEP's overall economic leadership.

The job creation totals for 2014-2018 showed the region to be ahead of its 'More and Better Jobs' target. Productivity had also improved but the measurement of this had changed and the gap with the rest of the country had not necessarily been narrowed. Employment had increased and the gap had narrowed but there was still a long way to go. In relation to economic activity, the gap had partially closed but it was still a challenging target in the SEP. There had also been an increase in private sector employment in the North East which bucked the national trend.

The evaluation had also highlighted a number of issues, one of these was the silo-ing of management information into specific programme delivery. It was acknowledged that this was done for the benefit of funders but it was felt that it would be useful for the Government to provide information on exactly what was achieved through the North East LEP's funding programmes as a whole.

The need to co-ordinate what was coming out of the SEP and the Local Industrial Strategy was also highlighted, and this would be key to the judgement on Strategic Added Value. The effects and response to Brexit would also be a key element moving forward.

Work was now being planned for the Year 2 evaluation and as part of this it was intended to conduct mini-evaluations of key projects during October and November 2019 in order to create a suite of detailed case studies. The next evaluation report would be completed in January 2020.

It was noted that the North East LEP did know how it performed generally and it was queried if the LEP itself would be able to provide combined management information. The LEP Chief Executive commented that the LEP did not manage EU funding and did not have access to that data source and the evaluation was highlighting that the cumulative impact of what was being achieved with it was not known.

The Chair suggested that it would be useful to know which strategic levers had the most influence and impact and that this needed to be an outcome from the Skills Advisory Board. The need to be cautious about holding more events was highlighted as this could potentially cause confusion amongst stakeholders.

Board Members requested that the presentation slides be circulated following the meeting.

The Board RESOLVED that the information be noted.

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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 an update on the development of the North East Local Industrial Strategy and the key actions taken since the May meeting.

The Board NOTED the ongoing progress.

9. EMERGING DIGITAL STRATEGY

The Board received a report providing an update on the progress made in developing a North East Digital Strategy and Laura Partridge, Digital Programme Lead, was in attendance to deliver a presentation on the strategy.

The emerging Digital Strategy had been created to: -

- drive forward priorities and targets set out in the SEP;
- shape LEP responses within the Local Industrial Strategy; and
- unite the broad and diverse regional digital economy around clearly defined priorities, shared activities and joint messaging.

The overarching aims for the strategy were to: -

- collaborate with national, regional and local partners to deliver the UK Industrial Strategy, respond to grand challenges and formulate Local Industrial Strategy;
- deliver digital priorities and targets for the region set out in the Strategic Economic Plan; further build on the evidence base and assets;
- clarify the sub-sectors of the regional digital economy; develop greater definition and consensus on vertical capabilities and areas of specialism;
- position the region as a demonstrator in the broader digitalisation of industry and society; focus on cross-cutting digital adoption, transformation and skills development; and
- acknowledge the ubiquity of digital and the challenges of defining it as a single sector.

The presentation set out the current digital economy in the North East and suggested that the themes in the draft strategy, drawn from regional assets and evidence base, would be data, infrastructure and connectivity, creative production and application and workforce. Each theme had key aims against SEP targets and priority actions to be taken to achieve these aims and opportunities relevant to the four themes would be defined and prioritised with partners to develop into a proposed project pipeline.

In the short term it was intended to develop key interventions and workplans via delivery groups, embed the digital strategy into the Local Industrial Strategy, share and promote the digital strategy externally and consider complementarity with other regional digital strategies.

Reference had been made to the North East Digital Festival and it was queried if this was an existing event. Laura advised that this year had been the first festival, bringing together three existing events and it was this sort of initiative which it was hoped to look at again.

The Chair noted that the North East LEP had a sectoral approach but the digital sector was the most difficult to quantify and it was part of the LEP's work to shape that.

Northumbria Water had recently held an Innovation Festival which had demonstrated the value in bringing activity in the region together. It was queried how universities in the region could be more aligned with the digital strategy and how regional organisations could promote this. It was felt that having some specific themes in the North East would enable a focus on certain areas and this would be an overlay to the Local Industrial Strategy and the grand challenges.

Laura stated that there had been a lot of things happening recently, including the Institute of Coding at Northumbria University. She acknowledged that it was essential to have research and development business collaboration.

It was highlighted that the region had enormous differences and that rural areas could be left behind; these needed to be brought in to the strategy. The Chair commented that the connectivity challenges also allowed the assets of the region to be demonstrated and it was another issue for the Local Industrial Strategy to make solutions inclusive. It was noted that smaller businesses, as well as rural areas, had to see the benefits of the strategy.

Councillor Gannon suggested that 90% of jobs for today's teenagers had not yet been invented and the connection between schools and businesses was crucial. The Chair said that the experience gained through the Gatsby programme could be utilised and that some models were starting to emerge such as digital route apprenticeships. A meeting with the previous DCMS minister of state had demonstrated that the North East did have a sector with real outcomes.

The Board thanked Laura for the presentation and ENDORSED the direction of travel of the emerging digital strategy and its four themes.

10. TOURISM SECTOR DEAL

The Board received a report which: -

- provided a briefing about the Tourism Sector Deal;
- sought LEP Board support for the plan to build a powerful regional proposal for a Tourism Action Zone over the summer and autumn of 2019; and
- set out actions to be delivered via the Tourism Sector Deal and provided further information on the Tourism Zones.

The Tourism Sector Deal had been published on 28 June and the North East LEP, North East Combined Authority, North of Tyne Combined Authority and Newcastle Gateshead Initiative had announced their intention to work together to coordinate a wider regional partnership to develop a competitive proposals to secure designation as one of the five pilot Tourism Action Zone areas.

Local authority economic directors had agreed that a full working group should be drawn together to lead the Tourism Zone bid and five key workstreams had been identified to take the work forward; Governance and Delivery; Rationale and Evidence Base; Tourism Zone Proposition; Economic/Financial Modelling; and Communications and Engagement.

The Sector Deal included a commitment from the Government to pilot up to five Tourism Zones which were focused on addressing local market failures in the visitor economy. Each zone would be focused on delivering increased productivity at a local level and areas would become Tourism Action Zones through a bidding process and would receive targeted support from the Government if successful. It was expected that Tourism Action Zones would be spatially defined zones around key transport hubs but it was expected that this would be clarified over the summer.

The nature of the 'transport hubs' was queried and Richard Baker advised that there were a number of criteria and the area had to have an established tourist sector and to be part of a narrative around international interest. Newcastle International Airport and Nexus were already engaged with the process. In terms of how far the zones would stretch, the working group would be looking at locations where Visit Britain said that the region already had assets; the boundaries of the zone were still to be determined.

Councillor Jackson commented that the Sector Deal was key for the Northumberland economy and that tourism had grown up in an ad hoc way and this needed to be pulled together. He highlighted that the North East received the poorest share of Visit Britain funding and international promotion was something which needed to a main area of focus.

Councillor Gannon echoed the comments and stated that the region's assets were enormous and needed to be emphasised. This was an opportunity to create long term sustainability in a sector which was resilient and offered a large amount of high skilled employment.

The Sector Deal would need to have connectivity back to the Local Industrial Strategy, in which 'place' was central and outward looking. The Chair said

that the North East LEP needed to be brave about what it did and embrace this upward productivity opportunity and chance to drive up the value of rural businesses. The Tourism Action Zone would also help to meet policy objectives around health and wellbeing and air quality and was a good chance for organisations to collaborate.

The Board RESOLVED that the proposal to develop a powerful regional bid for a Tourism Action Zone over the summer and autumn of 2019 be supported.

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 19 September 2019 at 5.00pm.