

North East Local Enterprise Partnership Board

1 October 2020

Meeting held via Zoom

Present	
Lucy Winskill	Chair, North East LEP
Gillian Hall	Gillian Hall Consulting Limited
Erika Leadbeater	TSG Marine
John McCabe	Fusion PR Creative
Ammar Mirza	AmmarM (UK) Limited
Andrew Moffat	
Heidi Mottram	Northumbrian Water Group
Mark Thompson	Ryder Architecture
Kate Wickham	Gate7 Group
Councillor Henig	Leader, Durham County Council
Councillor Gannon	Leader, Gateshead Council
Councillor Sanderson	Leader, Northumberland County Council
Mayor Jamie Driscoll	NTCA
Ellen Thinnesen	Sunderland College
Chris Day	Newcastle University
Carol Botten	VONNE
Observers	
Councillor Miller	Leader, Sunderland Council
Councillor Roughead	NTCA O & S Committee Chair
Apologies	
Councillor Iain Malcolm	Leader, South Tyneside Council
Councillor Nick Forbes	Leader, Newcastle City Council
Mayor Redfearn	Mayor, North Tyneside Council
Officers	
Tobyn Hughes	Nexus
Philip Meikle	Nexus
Helen Golightly	LEP CEO
Richard Baker	LEP Director of Strategy and Policy
Paul Woods	NTCA – Finance officer
Katy Laing	Deputy section 73 officer North of Tyne Combined Authority
Janice Gillespie	Section 73 officer North of Tyne Combined Authority
Brenda Joyce	NCC Democratic Services

1 INTRODUCTION AND APOLOGIES

The new Chair, Lucy Winskill, welcomed everyone to the meeting. she went on to congratulate Councillor Glen Sanderson on his recent election to Northumberland County Council leader and welcomed new Board Member Professor Chris Day.

2 WELCOME FROM LUCY

The Chair thanked all Members of the North East LEP Board for her appointment and said she was looking forward to working with them all. There was a very strong collective message from the region in the North East's ask to Government and she paid tribute to Andrew Hodgson and the Board.

3 DECLARATIONS OF INTEREST

Gillian Hall declared an interest as a Blyth Harbour Commissioner.

Councillors Henig and Sanderson declared interests as directors of Newcastle Airport International Holding Company Ltd.

Mark Thompson declared interests with the Getting Building Fund (GBF) Programme as Ryder Architecture was engaged with the following projects - Aykley Heads, Tyne Dock Enterprise Park, InTEGRel Community Energy Village and InTEGRel Business incubator, Bedlington Town centre regeneration, The Glassworks South Shields, and Gateshead Quays.

4 MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 23 JULY 2020

The minutes of the Board meeting held on 23 July 2020 were agreed as an accurate record.

5 SEP UPDATE

The Board received a report providing a summary of the details given in the SEP Programme Delivery report (attached as Appendix 1).

The report included highlights and points to note since the last meeting on: -

Business Growth

- North East received £2.4million of ERDF to operate a Kickstarting Tourism and Restart and Recovery Grant Fund. Demand for these grants had dramatically outstripped supply; phase two saw 18,000 businesses express an interest in 250 grants. A new process had been developed to focused on separate calls in each Local Authority area which would provide eligible businesses an equal chance of accessing the funding.
- Growth Hub was receiving higher volumes of start-up enquiries. The LEP was working with the Business Support Provider Network start-up providers to develop a plan to generate the capacity required to deal with increase demand.

Innovation

- Covid-19 Innovation Challenge underway with procurement of team and website development. Engagement plan was being prepared
- Team continued to work closely with the SuperNetwork team. New date agreed for next VentureFest, 17 March 2021.

Skills, employment, inclusion and progression

- Opportunity North East was now into delivery phase. All 16 schools were engaged and had inception meetings at the start of the academic year. Schools had identified the cohorts of students that would be supported through the pilot and associated baseline data had been collected.
- Enterprise Coordinator Team were currently working with a pool of 153 Enterprise Advisers. Despite the current restriction measures being in place, the team had successfully facilitated five matches between Enterprise Advisers and schools since May 2020. The team had been facilitating ongoing virtual contact with both the Enterprise Adviser Network and schools through staff CPD, match and progress meetings

Transport

- Transport North East Strategy Unit had procured Swarco UK Ltd. to progress the development of the EV chargers for the Taxi trade. Orders were being processed with the intention of the chargers being installed in October 2020.
- Aviation had been severely impacted by the Covid-19 and associated restrictions on travel. Most airlines had returned to operations but at a much reduced frequency but unfortunately easyJet had closed its Newcastle base. Aviation development objectives had therefore switched to recovering lost traffic with existing airlines, together with securing replacement airlines and routes. More positively, Loganair had been increasing domestic capacity and has taken on the Southampton and Exeter routes, in addition to Aberdeen.

Investment and Infrastructure

- Package of measures agreed at previous LEP Board for Covid-19 related support were progressing; Patent Protection Scheme was open for applications until end of September; Health and Life Science Development Fund open call closed earlier in the month and received seven applications; Cluster Development Fund received 15 applications; VCS Capital Fund was being launched at the end of September 2020.
- £47m allocated to region through the Getting Building Fund (GBF) with programme of applications coming forward over the coming months to the LEP Investment Board. Two projects already approved under GBF, and strategy was being developed to ensure spend target for 2020/21 was met.

Strategy and Policy

- Health and Life Science project pipeline was under review and an open call for projects was launched on 29 July to take up £300k fund approved at last Board. Applications closed on 28 August and seven project applications were submitted. The assessment panel approved 6 which were now subject to a full appraisal process.
- Monitoring activity on UKSPF continued. The Government's plans for regional consultation had been put on hold by Covid-19, but proposals were published

in May 2020. The development of UKSPF was likely to be affected by future developments of devolution policy and the economic response to Covid-19

Communications

- There continued to be growth in the number of followers across LEP's social media (2.4% on Twitter and 8% on LinkedIn since March). The North East LEP remained the most followed LEP in the country on Twitter.
- The stories with the greatest interaction for the period were in relation to *#WeGoAgain* campaign with video and the announcement of Lucy Winskill as new Chair.

The Chair stated that the SEP Programme Delivery and the KPIs particularly would need to be looked at again in light of the addition Covid restrictions now in place in the North East and changes to the furlough system.

In response to comments and questions from Board Members, Helen Golightly advised that: -

- There were general trends coming back through social media on how businesses were responding to the pandemic. What sat behind a lot of the intelligence was that the LEP was reaching out to key sector groups, talking to key areas across the region to try to understand what was happening in each of the sectors. A lot of this was hard data but a lot of it was around having sensible conversations with key players across the region.
- Within the Business Growth team there were 'connectors' whose role was around joining up what was happening in the region and making sure people were signposted in the right direction. She would check that the team were up to speed with the *Open North Foundation* initiative. The Chair stated that she would talk to the Open North Foundation to ensure there was a consistent approach.
- In terms of the business growth funding demand was huge. There were lots of conversations happening with Government particularly through the local authorities to try to secure additional finance into the region to support businesses (and particularly on the back of the latest restrictions).
- Members offered congratulations on the excellent and inspiring video. The most famous 'like' of the video had been by New Zealand's PM Jacinda Ardern.

The Board NOTED the contents of the report and Appendix 1.

6 FUNDING 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.

Paul Woods advised that no project funding decisions were required on this occasion and went on to present the two parts.

Part A provided a summary of funding decisions taken under delegation since the last Board meeting.

Part B provided a funding programme round up, including the latest Local Growth Fund (LGF) programme budget position; an update on the implementation of the new 'Getting Building Fund' (GBF) programme; a synopsis of the Mid-Year Performance Review meeting held with MHCLG and an update on ongoing work with local authority partners to prepare, priorities and help accelerate a regional project pipeline.

2020/21 LGF Budget

It was previously reported that one-third of this year's budget had been held back from all LEPs by Government until a mid-year performance review of progress on funding commitments and expenditure. This budget had now been released to the North East LEP following a successful mid-year review. The Investment Board at its meeting on 17 September approved funding of £800,000 to the Pattern Shop, Stephenson Quarter, Newcastle, and £455,859 for the North East Ambition Phase 2 programme that would commence in spring 2021. This left one significant pipeline LGF project to be determined – Kingsway North, Team Valley - an industrial development scheme - that was planned to be considered by the Investment Board on 15 October.

In quarter one 2020/21, the total grant claim of £2.546m was circa £0.5m below forecast. The latest annual forecast spend for the year had reduced by circa £4m since April, as project sponsors advised of their reduced ability to spend. East Pilgrim Street, Newcastle (£800,000), IAMP, Sunderland / South Tyneside (£2m) and Central Gateway Newcastle (£1.2m) had all reported significant slippage of the amounts shown in brackets. At this stage, projects overall were still indicating sufficient spend to take up this year's £14,550,627 LGF budget. Quarter two grant claims and monitoring updates were due in mid-October.

LGF Programme KPIs Quarter 1 20/21

As previously reported, financially completed projects only report data annually, in April. Until then progress against some KPIs would appear low until all projects had fully reported. Most of the new jobs reported in quarter one were created by a businesses supported under the Energy for Growth Programme based in Gateshead. Some projects continue to have problems reporting data due to not being able to access their office or staff being on furlough so there is some under reporting due to this. No job losses had been reported due to the economic downturn but a number of projects were reprofiling when they expected to deliver new job outcomes.

COVID 19 - Impact Monitoring on Investment Programmes and Projects

The executive team continue to monitor the impact on the delivery of funded projects. In quarter one LGF programme monitoring returns (received in July) indicated that after some delays in the spring, most construction projects were progressing once again, albeit on revised timelines. COVID was however still impacting on supported projects in a range of ways.

In this turbulent and uncertain economic period, impacts would continue to be monitored and reported to the Investment Board and main LEP Board. As new capital projects came forward, particularly under the Getting Building Fund (GBF) programme in coming months, it would be necessary for project business cases to set out COVID related assumptions, as best they could, both on the short-term construction phase impacts and future forecast market demand, especially for commercial property schemes.

Several COVID 19 schemes reported at the last meeting were in the process of being implemented from the North East LEP Covid 19 Rapid Response Fund.

Crowdfund North East Fund (CNEF)

Since the last Board meeting the number of approved applications had increased from 64 to 89 and budget commitments from £229,250 to £303,577. There had been an increase in applications in recent weeks with approximately 4-5 applications received per week (up from average of 2-3 per week during August). This trend was expected to continue in light of the latest COVID 19 restrictions. The current budget allocation was £500,000 and it was proposed to retain this until the end of October 2020 when a further review was planned.

Getting Building Fund (GBF)

At its last meeting the Board received an update on the new £47m GBF budget allocated from Government to the North East along with a finalised list of capital projects to be supported. At that time, it was unclear whether our submitted programme budget split of £14.61m of grant in 2020/21 and £32.38m of grant in 21/22 would be agreed. Subsequently, Government had confirmed a 50% allocation in each year for all LEPs. This presented a big challenge to spend £23.5m in the current year – the first year of the programme. Following latest discussions with each project, at best, it was currently forecast around £17m spend, and this figure was very likely to reduce. Consequently, there was a need to begin to identify a mitigation strategy, using the financial freedoms and flexibilities that were permitted by MHCLG.

It was planned to bring forward proposals to the next Investment Board meeting setting out opportunities on EZ sites where infrastructure costs were currently being incurred and to displace EZ funds with GBF this year. The funding would be returned to the GBF when it was required, expected to be March / April 2022. This would have the effect of deferring the point when borrowing was required and would reduce capital financing costs to the EZ account this year and next year. These temporary swaps would need to be sanctioned by MHCLG, but after informal discussions, it was anticipated that approvals would be forthcoming.

There was an urgency from the outset to bring forward GBF programme project business cases for independent appraisal and approval by the Investment Board. To date two projects had been approved and a further four or five were planned to go to the Investment Board meeting on 15 October. The Investment Board had agreed to schedule two additional meetings in October and early December, to manage the volume of project reports that were expected before the end of the year.

Regional Project Pipeline: Development and Acceleration

Within the Investment and Infrastructure programme of the Strategic Economic Plan, it was agreed that by 2021, the region would “research and develop a strategic project pipeline for the North East identifying the top strategic projects to inform priority business case development, as well as a wider analysis of future capacity and funding requirements to meet the delivery of the Strategic Economic Plan and emerging Local Industrial Strategy”.

LEP officers had been working with Local Authorities and other partners to develop a Regional Project pipeline to inform bids for funding. The pipeline list of projects was expected to be substantially complete as a list of projects by the end of October but would be updated and refined on an ongoing basis.

The next steps were to complete the coverage of the pipeline to include all key themes of activity in the pipeline and to start to identify the ‘Top priority’ schemes for inclusion in bids for funding opportunities that might be announced by Government.

It was considered important that the North East LEP helped by finding funding to contribute towards the cost of project development and acceleration work for top priority projects and programmes that would help deliver the regions’ economic recovery and support green/clean energy activity.

The intension was to carry out further work with the seven councils to identify the costs of supporting the Green Energy, Clean Growth initiatives and work needed to develop and accelerate other high priority projects and programmes. The results of this work and recommendation for a funding contribution towards the cost of the work would be reported to the Investment Board and to a future LEP Board for consideration and decision.

Mid Year Performance Review Meeting with MHCLG

A mid-year review meeting with MHCLG on 15 September where MHCLG reviewed progress against governance and other operational requirements set out in the National Assurance Framework. The meeting was advised that the LEP Board remained compliant in regard to the public / private sector member ratios and male / female representation. Positive further progress towards the 50% female representation required by 2023 was reported (currently 44.4%). The Annual Delivery plan had also been published as required and confirmation was provided that the NTCA (accountable body) Section 73 Officer regularly attended LEP Board meetings. No governance issues or concerns were raised by MHCLG, who confirmed the North East LEP was still viewed as strong.

The meeting was advised that the LGF Budget was currently forecast to be fully spent in 2020/21. The main funding concern raised was related to the new GBF funding programme – i.e. the challenge to fully spend the 50% of budget allocated this year and to understand there was the option to carry forward any balance into 2021/22. Without this clarity and certainty, it was highlighted that this would present an unacceptable financial risk to the LEP and its accountable body. As highlighted elsewhere in this report a mitigation strategy would be presented to the next Board meeting and an update on whether the matter of carrying forward balances could be

clarified positively. The emerging situation with COVID 19 restrictions could only increase the risk of underspend this year. Assurance was needed from Government on this point. Also, written confirmation from MHCLG of the £47m grant allocation remained outstanding

In accordance with the recommendations Board members:

1. **Noted the funding decisions taken under Delegated or Urgent Decision procedures set out in Part A Table 1.**
2. **Noted progress on the Getting Building Fund (Section 7) and additional Investment Board meetings schemed to handle the anticipated volume of reports before the year end.**
3. **Noted progress on the COVID Recovery Fund initiatives highlighted in para. 5.1.**
4. **Noted the progress being made to develop the Regional Project Pipeline (Section 8) and to agreed the principle of the need to identify funding from LEP budgets to help support the development and acceleration of the readiness of priority projects and programmes.**
5. **Noted the positive mid-year performance review meeting held with MHCLG (Section 9) and support further representations being made to clarify the ability to carry forward GBF balances into 21/22 if required.**

7 RESPONSE PLAN UPDATE

(a) Reimagining Mobility and Connectivity in the North East

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.

This report introduced the document: “Connected North East: Our blueprint”. Board members were asked to note this document, which has been submitted to Government as part of the regional renewal and recovery work, with the aim of encouraging investment in the region in the forthcoming Comprehensive Spending Review.

Tobyn Hughes gave a presentation on the Blueprint to the LEP Board.

The document had been developed as part of the Recovery Coordination Group digital and transport workstream. It focused on the region’s ask to central government for infrastructure, revenue funding and powers. To ensure that there was a compelling narrative and description of our needs available within accelerated timescales, a Connectivity Blueprint was prepared. This did not replace the region’s Transport Plan which remained under development for publication during 2021; however, it did mean that the region now had a document being socialised with

Government, designed to support discussions with central government with a view to securing a recovery package.

The Blueprint covered both transport and digital asks, an appropriate combination given that both physical and digital connectivity were required to complement one another now more than ever.

As the document had been developed, it had been socialised across a broad section of people and organisations including business leaders, the academic sector, the voluntary sector, transport operators and the Trades Unions Congress, as well as local authority leaders. Representatives from Transport for the North and the Department for Transport had also reviewed the Blueprint.

Responses had been constructive and strong, observing that the region had acted quickly to bring the themes of digital and transport together and this approach had been well received.

This blueprint set out how a connected North East could increase the prosperity, quality of life and health of the region. The goal was to create and sustain 100,000 more and better jobs in a growing and decarbonised economy, where social and health inequalities were greatly reduced. Better infrastructure was fundamental to achieving this. This blueprint united the potential of transport and digital together and by doing so, a connected North East could be built.

Covid-19 presented challenges and opportunities to our region. 30% of our workforce had been furloughed and 7.5% of the population was now claiming Universal Credit, an increase of 55% and the highest in the UK. Despite this resilience had shone through with businesses pivoting their offer by moving services online. We had been introduced to new ways of doing things and in a post- Covid-19 economy we need to be able to make viable choices between the digital and physical commute. As we bounce back from the challenges, and embrace the opportunities, we have developed a pipeline of connectivity schemes that can be rapidly delivered, accelerated, or developed, so we can build a connected North East.

All schemes were mapped into work programmes following four principles to renew and recover our region: -

- Healthy and vibrant places
- Connect communities to opportunities
- Provide infrastructure to bring businesses here
- Enhance North East business advantage

The Blueprint had been submitted to Government and the region awaited feedback.

In accordance with the recommendation of the report the Board noted the contents of this report and the “Connected North East: Our blueprint” document.

(b) **Recovery and Renewal Deal for the North East**

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.

Helen stated that this item was heavily linked to the previous item and the teams had been working closely together and the style of the suite of documents helped to present them as a coordinated piece from the North East.

The Board had had extensive briefings at the last two meetings in May and July on the work of the Covid 19 economic response group. The group was made up of members representing the LEP, both combined authorities, regional transport, the universities, the trade unions, the voluntary sector and businesses. The two reports appended provide further updates to the Board on progress.

At appendix one the Covid 19 Intelligence report set out the latest intelligence headlines from the regional economic data, as well as intelligence and data on key sectors, local authority areas and places. There was also a longer report available if Board members wished to receive it.

The Recovery and Renewal Deal for the North East (Appendix 2) reinforced the partnership and collaboration across the region and our shared ambition to level-up our economy for people and places. It built on the Strategic Economic Plan and the draft Local Industrial Strategy work. The proposals showed a clear blueprint for a greener, inclusive and innovative economy that was underpinned by integrated digital and transport connectivity and a joined-up education and skills programme. It reflected the new world in which we now lived and worked; in which health, growth, resilience and innovation were fundamentally linked. The proposals were built on our credible delivery mechanisms and a renowned track record of punching above our weight. It sought the right investment and powers from Government needed for the region to deliver on this agenda together.

Richard Baker advised that the Covid 19 Intelligence report data did not take account of the most recent restrictions. Also, the orthodox data sources usually used had been completely disrupted by Covid; since May the data available from the Office of National Statistics, HMRC and other departments been used. There had also been continuous intelligence gathering with 21 sectors and all the local authority economic teams.

The LEP had appointed consultants up to March 2021 and the Board would receive a similar report to this at future meetings.

The consultants had been asked to do deep dives on issues that were of concern such as self-employed people in the region. Board Members were asked to put forward other suggestions for deep dive work.

The Board noted the contents of both the intelligence report and the Recovery and Renewal Deal for the North East.

(c) **Strengthening the North East's response to climate change**

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.

Across the North East, there were multiple organisations, networks and initiatives being taken forward in response to the global challenge of climate change. These were driven from different perspectives, rooted in different sectors and interests, and adopted different languages, priorities and areas of focus.

In the North East, VONNE and other partners had been working together to develop the North East England Climate Coalition (NEECCo) since 2019 seeking to generate an initiative to deliver on the vision of '***Becoming England's Greenest Region***'. Whilst the initiative had secured support in principle from across the region, it had yet to secure the traction or the resources to drive the range of workstreams required to deliver on its vision.

Richard Baker and Carol Botten presented the paper which set the scene for trying to accelerate the climate change work going on in the region. It reviewed the policy context and looked at a number of key targets and perspectives and reflected on the wide range of initiatives already in place. The report also introduced the work that Carol had been leading on around the Climate Coalition and suggested that the region should bring together senior leaders to drive the agenda forward.

There was agreement that climate change was a fundamental massive challenge not only facing the region but humanity which required an urgent and joined-up response. This was a non-partisan issue which required coordination and collaboration across all sectors and political dimensions. A regional coordinated approach offered the best chance to increase the overall impact and a strategic joined-up approach was needed.

Although VONNE had taken an initial leadership role to bring organisations together it now needed to become an entity in its own right. Board Member views were sought on getting this to turbo charge work at a regional level.

The Board: -

- 1) Considered and discussed the information within this paper about the critical importance of action on climate change;**
- 2) Noted the policy framework, evidence tools and the wide range of activity currently underway within the region, and the work by VONNE and partners to establish a region-wide point of co-ordination to accelerate this agenda and position the North East as England's Greenest region;**
- 3) Agreed to convene a senior-level meeting to map existing activities across the region and develop a plan which could:

 - a. More strongly align and accelerate the impact of economic, environmental and social action on climate change in the North East**
 - b. Establish a clear understanding of the mix of national and regional policies which would be required in order to achieve****

net zero in the North East by 2050, and to identify the opportunities to accelerate these policies to achieve the goal of Net Zero on quicker timelines

- c. Co-ordinate organisations and messages behind a shared plan, including identification of a pool of resources which can be brought to bear on this initiative.**

8 ANY OTHER BUSINESS

None.

9 DATE AND TIME OF NEXT MEETING

3 December 2020 5:00 – 7:00pm