

North East Local Enterprise Partnership Board

21 July 2022

Meeting held via Microsoft Teams

Present

Lucy Winskell	Chair, North East LEP
Gillian Hall	Gillian Hall Consulting Limited
Ammar Mirza	AmmarM (UK) Limited
Heidi Mottram	Northumbrian Water Group
Carol Botten	VONNE
Ellen Thinnesen	Education Partnership North East
Cllr Gannon	Gateshead MBC
Cllr Miller	Sunderland City Council
Cllr Kemp	Newcastle City Council
Cllr Wearmouth	Northumberland County Council
Mark Thompson	Ryder Architecture
Kate Medcalf	
Chris Day	Newcastle University
Erika Leadbeater	TSG Marine
Cllr Hopgood	Durham County Council

Apologies

Mayor Driscoll	North of Tyne Combined Authority
Mayor Redfearn	North Tyneside Council
Cllr Dixon	South Tyneside Council

Officers

Henry Kippin	NTCA Managing Director (Item 8 only)
Helen Golightly	CEO, North East LEP
Richard Baker	Strategy and Policy Director
Michelle Rainbow	Skills Director
Colin Bell	Business and Sector Growth Director
Paul Woods	Finance Officer, NTCA
Katy Laing	Finance officer, NTCA
Brenda Joyce	Democratic Services

1 WELCOME FROM THE CHAIR AND APOLOGIES

The Chair welcomed everyone to the meeting, particularly Councillor Kemp as this was his first meeting.

Apologies were received from Mayor Driscoll, Mayor Redfearn and Councillor Dixon.

2 DECLARATIONS OF INTEREST

None.

3 **MINUTES OF THE LAST BOARD MEETING HELD ON THURSDAY 19 MAY 2022**

The minutes of the meeting held on 19 May 2022 were agreed as a correct record.

Matters arising

Helen Golightly provided an update on the recruitment of private sector Board members. An advert had been published today and was open for a month for two or three private sector Board members. This would be pushed on social media and networks.

The Chair encouraged current Board members to share the supporting documents with people who would be great candidates.

4 **IMPLEMENTING THE LEP REVIEW**

The Board was aware of the government's position around the future of LEPs and the clear mandate. The letter/document from government had been helpful as it was very specific in term of the North East LEPs mandate going forward and the areas that needed to be covered. With this came approximately £500,000 reduction in funding.

The organisation had gone through a restructure and this had been challenging for colleagues both directly and indirectly affected. Eleven posts had been deleted from the 66 in the organisation. Four had been vacant posts and the remainder were either voluntary or compulsory redundancy. All teams and all levels had been affected across the organisation.

The post of Innovation Director had been deleted and this area of work would be delivered differently going forward. Colin Bell would pick up the direct management of the Innovation Team and across the Senior Management Team the various aspects of the innovation agenda would be picked up.

There was potential for greater devolution across the region and the transition of LEPs into 'local democratic institutions' with a mayoral local authority in due course. Helen Golightly advised that she was working closely with Henry Kippin on this strategically.

The Chair stated it was always sad to go through redundancies and difficult for everyone involved and she wished all colleagues well.

Item 8 was moved forward on the agenda with the permission of the Chair.

5 **DEVOLUTION UPDATE - CONFIDENTIAL DISCUSSION**

Henry Kippin (NTCA Managing Director) gave a verbal update on devolution to the Board.

6 ANNUAL DELIVERY PLAN, PROGRESS UPDATE

This report had been refreshed in line with the Annual Delivery Plan. It had been designed to show progress, priorities and raise any issues that the Board should be aware of.

The plan had been restructured around the areas the government was asking LEPs to focus on; representing the business voice, strategic economic planning, improving skills, growing businesses and managing funds.

The report also included the standard communications update to report on what the LEP had been doing.

The Chair said it was a very helpful update and thanked the Executive Team.

There was no feedback from Board members on the Annual Delivery Plan.

7 FUND MANAGEMENT UPDATE

This report was 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 was in four parts: Paul Woods presented parts A, B and C.

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

Part B sought Seeks Board approval to two funding awards

- **Jade Business Park, County Durham-** Under the Enterprise Zone programme Phase 2 site infrastructure EZ funding of £2,600,000 was recommended for approval against a total project cost of £5,212,397.
- **EV Charging Infrastructure** – Under the Local Growth Fund Programme a relatively small reallocation of £15,108 grant was recommended to meet grid connection cost escalations, using saving of £110,000 previously taken from this approved project that was being delivered by the Regional Transport Team.

Part C provides funding programme 2022/23 performance forecasts for the Local Growth Fund (LGF), 'Getting Building Fund' (GBF), Enterprise Zone and Project Development Accelerator Fund (PDAF). Plans to expand the Made Smarter Adoption Programme were set out for approval.

Part D provided an overview of progress on externally funded projects managed by the North East LEP Skills Team.

**Part B – funding decisions required
Jade Business Park, County Durham**

The report summarised the proposal received from Durham County Council for Enterprise Zone (EZ) funding to support site infrastructure works to the Jade Enterprise Zone site to enable the EZ site to be fully developed. The first phase of the Jade EZ site had been completed and was now fully let. There was demand for units on the rest of the site and the completion of additional enabling infrastructure and energy supply works would enable the developer Highbridge to carry out the construction of new units to enable this important Enterprise Zone to be fully developed.

The report referred to the borrowing been done via a 'Maturity Loan' but after looking at the legal agreements this had been changed to an 'Annuity Loan' which had a savings effect of approximately £215,000. This did not affect the recommendations.

EV Charging Infrastructure – Under the Local Growth Fund Programme a relatively small reallocation of £15,108 grant was recommended to meet grid connection cost escalations, using saving of £110,000 previous taken from this approved project that was being delivered by the Regional Transport Team. During the discussion on the report the following comments and points were raised:

- Confirmation was provided that the Investment Board, although not quorate, had considered both of these decisions in detail and were happy to recommend them to the Board for approval.

RESOLVED – That the Board agreed to support the investment of £2.6m of EZ income into Jade Enterprise Zone Phase 2 subject to:

- a) **The satisfactory resolution of Subsidy Control compliance;**
- b) **Under appraisal grant requirement has increased to £5.2 million. Due to the risk profile the costs should be shared between the parties. 50/50 between the parties with the North East LEP providing £2.6million of Enterprise Zone supported Borrowing funding and the applicant reducing their land value to the developer by £2.6 million which would still give Durham CC a £2.7 million capital receipt under their option;**
- c) **No funding is drawn down until the main contract to build the units commences;**
- d) **Clawback – The applicant should impose clawback terms to the private sector partner BPL. This should be on a totally open book basis on all costs and revenue and should allow for the developer receiving a profit of up to 10% on value before any clawback is due. BPL are agreeable to this;**
- e) **Risk register needs updating to included financial standing of BPL, risks around finding forward funding partner, risks around enabling works in advance of main contract. An explanation of how any further build cost increases will be dealt with will be necessary;**
- f) **Business Case to be amended and signed off to reflect clarifications under due diligence and recommendations from the appraiser;**
- g) **Providing a structured evaluation plan for the whole scheme and explanation of how development partner and their agents will assist in tracking gross jobs with incoming occupiers;**
- h) **Confirmation of planning approval.**

Michelle Rainbow presented Part D of the report.

The North East LEP Skills Team were currently delivering five major externally funded programmes of activity. These programmes collectively aimed to improve the regions supply of a skilled workforce, with a particular focus on supporting young people entering the labour market to become ready and prepared for the world of work, helping to reduce the gap between skills supply and demand. They contribute to the LEP aim to ensure that each and every person in the North East, regardless of age or employment status, had a good understanding of the employment and career opportunities available in the North East and the pathways to access them. The report provided the Board with an overview of progress on each of these activities and latest funding position.

RESOLVED – That the Board agreed to:

- i) Note the funding decisions taken under delegation in Part A.**
- ii) Approve £2,600,000 EZ funding to Durham County Council to support Phase 2 infrastructure works on Jade Business Park subject to the conditions set out in the full report in Appendix One (as above).**
- iii) Approve, as a last resort, a £15,108 increase to the existing EV Charging infrastructure scheme budget of £500,000, using previous project grant savings, to the Regional Transport Strategy Team (North East Combined Authority) as set out in paragraph 3.5 (as above).**
- iv) Note the budget and performance forecasts for 2022-23 on the LGF, GBF, EZ and PDAF funding programmes and support the variation to the PDAF Tyne Coast College funding agreement outlined in 7.2.**
- v) In connection with the planned extension of the Made Smarter Adoption Programme set out in paragraphs 9 to:**
 - a) Agree to accept the offer of grant funding from BEIS of £800,000 p.a. for the next 3 years subject to sign off from the NTCA Monitoring Officer and S151 Officer.**
 - b) Approve a procurement process to appoint an external Fund Manager to distribute grant aid to SMEs with a budget up to £115,000 over three years.**
 - c) That the Made Smarter Programme Delivery Board be constituted, with progress also reported regularly to the North East LEP Business Growth Board.**
- vi) Set up an appropriate MoU with BEIS and a Partnering Agreement with TVCA in line with the requirements set out in the Made Smarter Programme Delivery Plan.**
- vii) Note and comment on the progress on the North East LEP Skills Team five current delivery programmes set out in Section D.**

8 UKSPF UPDATE

Colin Bell advised that the UK Shared Prosperity Fund (UKSPF) was designed to replace European funding and equated to approximately £114million in the North East.

The UK Shared Prosperity Fund (UKSPF) was being channelled through mayoral combined authorities where they existed and through local authorities where they did not. In the North East LEP geography, there are five 'Lead Authorities', which are the North of Tyne Combined Authority, Durham Council, Gateshead Council, South Tyneside Council and Sunderland Council. The LEP was working closely with each lead authority and with the local authority Economic Directors as a collective. Work continued at pace with each of the region's five 'Lead Authorities' developing their Local Investment Plans in readiness for submission to Government to secure maximum funding before the window closed on 1 August 2022.

Mapping work had been carried out to understand the optimum timing for UKSPF projects in relation to when existing European Structural Investment Fund (ESIF) projects close - most of which would cease delivery in June 2023.

Each priority area working group would develop their recommendations on regional commissioning frameworks to Economic Directors in July. Recommendations would identify priorities and projects that fell within one of the below categories:

- i. Areas where there were common approaches, but localised delivery.
- ii. Specific areas where there was the desire to consider 'joint commissioning and local accountability'.

Regardless of the different approaches taken to develop business cases for submission to Government, regional collaboration would ensure that the intelligence gathered would be used to develop a shared understanding of how best to take forward different projects especially when strong alignment to regional commissioning frameworks was evident.

Underpinning the work by the lead authorities was an evidence framework developed by the LEP and available on the North East Evidence Hub.

During the discussion on the report the following comments and points were raised:

- The Chair stated that she had found Colin's comments on the report reassuring as there had been concern about a much more fragmented position.
- The consistent message at NTCA meetings had been avoid fragmentation, work collaboratively and build on what already existed.
- Colin had provided more information about the conversations that had been taking place and the processes that had been gone through to have them. This happening in the background did provide more assurance. It was good that common sense was prevailing.
- There was a real worry in the voluntary sector about gaps in provision for most vulnerable/ those facing multiple barriers / furthest from the labour market with the European money coming to an end.
- It was good to hear about progress made on exploring opportunities for collaboration re. UKSPF especially around skills and climate emergency.
- The five universities had worked well for a number of years funded by ERDF and other packages supporting businesses. This funding would cease in April 2023. Jane Robinson had been looking to see if there was an ask around the SPF across the five local authorities to continue with the expertise from the ERDF funded programmes.

- There was an appetite to not reinvent the wheel and build on what already existed.
- Delivering regional collaboration and cohesion was critical but with delivering local accountability that had to be hard wired in.

RESOLVED – That the Board agreed to:

- i. **Note Government’s policy to flow funding through ‘lead authorities’;**
- ii. **Note the role the LEP is undertaking in terms of leading the development of the evidence framework to inform business case development and local decision making;**
- iii. **Note the regional working to develop proposed regional commissioning frameworks where there is a collective executive view to do so, in order to inform local decision making on business cases and future delivery models.**

9 ECONOMIC ROUNDUP UPDATE

Richard Baker briefly introduced the Economic Round Up paper which included information on the Economic Outlook, the Labour Market, Internationalisation, Business Activity and data on key trends in the region.

This was the second Round Up report to Board on the complex things going on in the economy. It was useful for people to see the wide range of data collected across the region.

The paper looked at the wider economic outlook, the inflation figures (although the inflation figures had risen since the publication of the agenda pack), energy prices and pay awards. There was a concern that about a potential inflation/pay award cycle.

On the population data the movement within the region was quite striking, with increases in the three North of Tyne local authorities areas and in County Durham and population falling in Gateshead, South Tyneside and Sunderland.

The Chair commented that this was a good report and most informative and the story about the increased FDI was great. She hoped both the NTCA and NECA would find the data helpful and be able to use it.

10 CHAIR AND CHIEF EXECUTIVE UPDATE

Noted.

11 ANY OTHER BUSINESS

None.

12 DATE AND TIME OF NEXT MEETING

29 September 2022 at 5:00pm