



Economic Development and Regeneration Advisory Board

Tuesday, 26th July 2016 at 10.00 am

Meeting to be held at Sunderland Software Centre, Tavistock Place, Sunderland, SR1 1PB

www.northeastca.gov.uk

SUPPLEMENTAL AGENDA

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| 4. Economic Development and Regeneration - Progress Update | 1 - 8 |

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To All Members

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North East Combined Authority

Economic Development and Regeneration Advisory Board

DATE: 26 July 2016

SUBJECT: Economic Development and Regeneration – Progress Update

REPORT OF: Economic Development and Regeneration Thematic Lead

EXECUTIVE SUMMARY

The purpose of this report is to provide Members with a progress update for the key areas within the Economic Development and Regeneration theme.

RECOMMENDATIONS

The Advisory Board is requested to receive progress updates and provide comments on the development and operation of a regional Inward Investment function and development of a regional investment plan/project pipeline.

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1 Executive Summary

1.1 The purpose of this report is to provide Members with a progress update for the key areas within the Economic Development and Regeneration theme.

1.2 The Advisory Board is requested to receive progress updates and provide comments on the development and operation of a regional Inward Investment function, and development of a regional investment plan/project pipeline.

2.0 Inward Investment

2.1 Inward Investment – Summary of 2015/16 Investment Successes in the NECA Area

2.1.1 Foreign Direct Investment

There were 71 investments leading to the creation of 1,966 new jobs, plus over a thousand safeguarded with the Nissan Juke contract being secured. Companies announcing significant investments included:

- TRW (Automotive)
- Thorn (Lighting)
- Akzo Nobel (Chemicals/Paint)
- Logicnow (Software)
- Accenture (ICT)
- HP (ICT)
- Piramal (Life Sciences)
- Nissan (Automotive)
- Amazon (Delivery Centre)

2.1.2 The investments were made by companies from USA (19 investments), Japan (7), Switzerland (5), Germany (4) and there were 36 investments from a range of other countries.

2.1.3 Investments by UK-owned Companies from Outside of the Region

There were 36 investments leading to the creation of 1,402 jobs. Companies announcing significant investments included:

- Ambassador Theatre Group (Ticketing)
- Home Logic (Customer support centre)
- Itison (Digital)
- Icarus (Steel Fabrication)

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- Urosens (Medical Testing)
- Dunlop (Advanced Manufacturing)
- Rolls Royce (expansion) (Advanced Manufacturing)
- Mkodo (Digital)

2.1.4 In total, there were 107 investments, leading to 3,368 new jobs, with more than a thousand further jobs safeguarded.

2.1.5 2015/16 Investments - Sector Breakdown

| Sector | FDI | UK Owned from Outside Region | Totals |
|--|-----------|------------------------------|------------|
| Software / ICT (incl. Gaming) | 13 | 5 | 18 |
| FPBS (finance, professional & business services) | 7 | 14 | 21 |
| Oil/Gas/Offshore (incl. Marine) | 5 | 2 | 7 |
| Life Sciences | 10 | 2 | 12 |
| Automotive | 10 | 2 | 12 |
| Other Advanced Manufacturing (incl. Chemicals) | 21 | 5 | 26 |
| Other (incl. Distribution) | 5 | 6 | 11 |
| Total | 71 | 36 | 107 |

2.2 Inward Investment - 2016/17 Successes

2.2.1 Successes for Quarter One are currently being compiled. Notably, a key investment has been made by the Hull-based company ResQ, which opened a new contact centre in June, at Spectrum Business Park, Seaham, creating 1,200 new jobs.

2.3 Invest North East England – Team Update

2.3.1 Enquiries

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There have been significantly fewer enquiries in the first half of 2016 than there were in the first half of 2015. UKTI referrals/enquiries in particular, have been lower than usual. A significant issue has been the EU Referendum with companies delaying investment enquiries and decisions. The Team is however, currently dealing with a number of enquiries in various sectors (automotive, digital, advanced manufacturing and FPBS).

2.3.2 Invest North East England Website

The website is currently being built and will present the key selling messages and other information contained in the Sector Proposition Toolkits which were completed earlier in the year. It is planned to launch the new website and other marketing collateral in September 2016.

2.3.3 MIPIM UK

The Team is organising an Invest North East England stand at MIPIM UK in London from 19-21 October, 2016. Private sector sponsorship is currently being sought to enable a joint private/public sector, North East presence at the property trade show.

2.4 UKTI/Northern Powerhouse

2.4.1 UKTI is currently developing a 'UKTI Northern Powerhouse Investment Team'. The new team should be in place by the end of the summer and will provide a northern-centric focus for UKTI.

2.4.2 A first 'summit', chaired by the Economic Development and Regeneration Thematic Lead/EDRAB Chair, was held in April with central, senior level and local representatives from UKTI and colleagues from NECA and NELEP. Participants explored current capacity and opportunities to rationalise and focus investment services, to better promote and increase investment in the area.

2.4.3 Building on the summit, and further to the discussion and presentations at the Board's last meeting in March, a workshop for Board members, together with relevant UKTI, NECA, NELEP and private sector representation is to be held on 26 July 2016, in order to explore the issues further, including developing a deeper understanding of the factors that underpin investors' decisions.

3.0 Regional Investment Plan / Project Pipeline

3.1 The Board has received previous updates on the development of a project pipeline and how work undertaken to date, has proved useful in informing

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bids and programmes for funding.

- 3.2 Information has been compiled on the type of investment, planned output/outcomes, any public investment required, delivery timescales, planning status and barriers to development, for each site (employment and housing).
- 3.3 Most recently, the list of projects / sites and supporting 'spatial narrative' have helped inform the assembly of a set of significant infrastructure projects, for consideration under the Local Growth Fund/Deal (LGF).
- 3.4 Under the current LGF programme, 12 new projects have been selected and invited to develop full business cases. This follows an appraisal of 47 projects submitted in response to the North East LEP 'Expression of Interest' project call issued in March this year. (Further information can be found here: <http://nelep.co.uk/funding/north-east-growth-deal>)
- 3.5 The 39 Local Enterprise Partnerships including the North East LEP are now currently finalising bids to share from £1.8bn of local growth funding as part of the next round of Growth Deals (LGF3). Proposals need to be submitted by noon on 28 July 2016. The North East bid has been developed in the context of the Strategic Economic Plan (SEP) re-refresh and identified priority sectors. A 'programme' approach will be adopted, with illustrative projects to demonstrate the scale and ambition in the North East. Calls for projects will follow later this year and in subsequent years of the five-year programme period. The bid is being developed around seven themes as follows:
 - Three economic drivers (Digital, Advanced Manufacturing, Health and Life Sciences; and
 - Four cross-cutting economic enablers (Innovation and Enterprise, Economic Infrastructure, Sustainable Transport and Skills Infrastructure).

The outcome of the bid is expected to be confirmed in the Government's Autumn Statement.

In tandem with the LGF Round 3 bid to DCLG, a small number of applications will also be submitted to the DfT under the LGF funded 'Large Local Majors Scheme'.

4 Potential Impact on Objectives

- 4.1 The information contained in this report and any views put forward by the Advisory Board, will support the NECA in meeting its objectives.

5 Finance and Other Resources

- 5.1 There are no specific resource implications arising from this item.

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6 Legal

6.1 There are no specific legal implications arising from this item.

7 Other Considerations

7.1 Consultation/Community Engagement

There are no issues arising from this item for consultation.

7.2 Human Rights

There are no specific human rights implications arising from this item.

7.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this item.

7.4 Risk Management

There are no specific risk implications arising from this item.

7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this item.

7.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this item.

8 Background Documents

8.1 North East Strategic Economic Plan – More and Better Jobs

9 Links to Plans in the Policy Framework

9.1 This item links to the Strategic Economic Plan and other plans in the Policy Framework.

10 Appendices

There are no appendices

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11 Contact Officers

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12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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