



north east combined authority

Economic Development and Regeneration Advisory Board

Thursday 31 March 2016 at 10.00 am

Meeting to be held in a Committee Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

www.northeastca.gov.uk

SUPPLEMENTAL AGENDA

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5. 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: 31 March 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 views on the development of the regional Inward Investment function and Regional Investment Plan.

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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 views on the development of the regional Inward Investment function and Regional Investment Plan.

2.0 Inward Investment

2.1 Invest North East England Team

2.2 The Team is now in place with the two new members joining in January and February 2016. The Team is made up of:

- Invest North East England Director – Guy Currey
- Inward Investment Project Executive – David Pattison
- Business Support Executive – Rebecca Hall

2.3 Development of sector-based propositions

2.4 Consultants, working closely with a variety of partners including the NECA Team, Local Authorities, UKTI, Industry representative bodies, and the Private Sector, have produced a number of evidence-based sector propositions (or Toolkits) for those sectors identified as having the best potential for attracting new investment. An example of a draft Toolkit was presented to the Advisory Board in January 2016 in order to demonstrate the structure and content of the Toolkits, with one produced for each of the following sectors:

- Energy (Oil and Gas and Offshore Wind);
- FPBS;
- Automotive;
- Rail;
- Space;
- Software and IT;
- Video Games;
- Life Sciences.

There is also 'Fact File' in the form of a general overview document.

2.5 These Toolkits are now being used by the NECA Investment Team to respond to inward investment enquiries and arrangements have been made for training for the Local Authority investment teams, in their use. The

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contract is being extended to produce one further Toolkit to cover the wider Advanced Manufacturing sector. It is envisaged that this would cover, at a high level, key sectors such as automotive and rail (for which there are detailed toolkits) but also aerospace, precision engineering, food & drink and chemicals. This would enable the NECA team to respond with evidence-based material to enquiries in these sub-sectors. Importantly, the work that UKTI is carrying out for the Northern Powerhouse includes propositions in these key sub-sectors of Advanced Manufacturing.

2.6 Marketing/Communications Work

2.7 Sarah Hall Consultants have been appointed to carry out a range of work for the Invest North East England function which will eventually lead to a suite of materials and a re-designed website.

2.8 A steering group with representatives from North Tyneside, South Tyneside, and Sunderland Councils, NELEP and the NECA Investment Team, as well as private sector representatives from the property sector, have helped shape ideas for the campaign brand, which have been circulated by the Economic Development and Regeneration Thematic Lead to the other Leaders and Elected Mayor for comment.

2.9 Investment Successes in the NECA Area

2.10 Foreign Direct Investment (FDI)

In first three quarters of the 2015/16 financial year, it is verified that the NECA constituent authorities reported 48 investment successes by foreign owned companies. As previously reported, some were investments by new companies to the area (9), but the majority were reinvestments in existing operations, leading to an expansion of the companies' workforces. Many of these however, were new projects secured in the region against international competition (e.g. the Nissan Juke contract).

2.11 Together, these investments will lead to the creation of 2,092 new jobs with the safeguarding of thousands more. Key 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)
- DNV (Energy)

In terms of sector representation, the 38 successes reported are from the

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following broad sectors:

- Digital – 6
- Automotive – 9
- Other High Value Manufacturing – 10
- Business, Financial and Professional Services – 9
- Lifesciences (including pharma) – 6
- Energy – 4
- Other - 4

2.12 UK-Owned Investments

In addition to the above FDI successes, there were 17 new investments from UK-owned businesses moving into the area.

Significant investments included:

- Euro Car Parts (car parts distribution)
- Ambassador Theatre group (Ticketing)
- Home Logic (Customer support centre)
- Itison (digital)
- Icarus (Steel Fabrication)
- Urosens (medical testing)
- Dunlop (Advanced manufacturing)
- Rolls Royce (expansion) (Advanced Manufacturing)

These investments will lead to the creation of 408 new jobs and were in the following sectors:

- Digital – 2
- Automotive – 2
- Other High Value Manufacturing – 3
- Business, Financial and Professional Services – 6
- Lifesciences (including pharma) – 1
- Energy – 1
- Other – 2

2.13 Other Key Activities/Events

2.14 • UKTI Automotive Visit

A visit by UKTI HQ staff along with overseas posts took place to the region in February. The visits are undertaken so that UKTI staff can maintain a good level of knowledge of the region and its offer to potential investors. The delegation received a presentation from Guy Gurrey and then visited the Nissan plant. Feedback from UKTI was extremely positive in terms of the learning gained.

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- **NOF Energy Conference 2016**

The Invest North East England Team exhibited at the conference held on 9 March at the Sage, Gateshead. The Team organised a boat trip on the River Tyne for key, selected delegates. Guests were shown key development sites, companies, Research & Development and training facilities, and other key elements of infrastructure in that area.

3.0 Regional Investment Plan – Economic Assets

3.1 The Economic Development and Regeneration theme takes lead responsibility for coordinating efforts to enhance the region's important economic assets and to develop new ones that will promote growth.

3.2 As discussed in some detail at the previous meeting of the Advisory Board, a pipeline of both employment sites and housing sites has been developed to underpin this approach. The sites identified illustrate a brief overview, type of investment, planned output/outcomes, whether or not public investment is required, delivery timescales, planning status and barriers to development.

3.3 Short Term Call for Projects

3.4 A call for projects to utilise projected underspend in the North East's allocation of the Local Growth Fund has recently been launched by NELEP as part of the North East Growth and Infrastructure Fund (LGF). This call will be live until the 8th April 2016.

3.5 It is a capital call seeking projects which can demonstrate readiness to spend and an ability to complete spend over the short-term. Whilst this is in addition to the work being undertaken on developing the longer term pipeline of projects across all six themes from the North East's Strategic Economic Plan, work to date on the pipeline, identifying projects and their delivery timescales, has been helpful.

3.6 The LEP has advised that the call is in part designed to assist with the approach to LGF over-programming in 2016/17 which was agreed by the LEP Board and the NECA Leadership Board in January. Considerable weighting will be given to projects that are well advanced and have the potential to commence in 2016/17 or promptly in 2017/18. Between £14m-30m could be available depending on the strength of projects submitted – this could equate to 5-15 projects. Local authority partners have been encouraged to limit the number of EOI (expression of interest) project submissions to those that provide the strongest fit with the programme criteria.

3.7 The 2 key areas of investment are:

1. Smart specialisation sectors – supporting innovation, incubation and skills infrastructure

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2. Investment in strategic economic infrastructure

3.8 There is also a parallel assessment underway of the investment requirements for each of the second round of Enterprise Zone sites in the North East. For those investments where spend would fit with the timescale of this LGF call, projects are being encouraged to apply. This is because investment in the EZ sites fits with the direction and priorities of the call, as the sites are key elements of the North East's economic infrastructure.

3.9 Following the closing date (8 April), the next step will be for NELEP to consider EOI submissions from private, public and voluntary sector organisations against the published scoring criteria, covering strategic fit and deliverability within timescale. Updates will be provided to the Advisory Board as the process progresses.

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.

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.

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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

11 Contact Officers

11.1

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Vince Taylor, vince.taylor@sunderland.gov.uk, 0191 5611113

12 Sign off

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

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