

Economic Development and Regeneration Advisory Board

23 January 2018

Meeting held Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

APPROVED MINUTES

Present:

Councillor : I Malcolm (Chair)

Councillors: J Adams, G Bell, C Marshall and B Pickard

19 APOLOGIES FOR ABSENCE

Co-opted Members B Farhat, S Glendinning, G Hall and S Hanson.

20 DECLARATIONS OF INTEREST

There were no declarations on interest.

21 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 24 October 2017 were approved as a correct record and signed by the Chair.

Matters Arising

It was noted that all actions listed in the Minutes had been progressed and completed.

22 INDUSTRIAL STRATEGY: BUILDING A BRITAIN FIT FOR THE FUTURE

Submitted: A report of the Head of Strategy and Policy, North East Local Enterprise Partnership (previously circulated and attached to Official Minutes).

Members considered the report which provided an overview of the Industrial Strategy White Paper, including the five foundations of productivity and corresponding key policies, funding, challenges and other associated matters, including implications for the region.

The report was introduced by H Golightly who highlighted key messages and tasks arising. In introducing the report, she mentioned the importance of connecting the government and the delivery of the North East Strategic Economic Plan (SEP) and making a case for placing the region in the first wave of the Industrial Strategy implementation.

In discussion, it was noted that:

- Clarification was provided on the approach for bidding for funding, including the North East Local Enterprise Partnership's (LEP) role in communicating the availability of funding for the industry and then the private sector's responsibility to apply for the funding available.
- When applying for funding, it was a normal practice that the private sector sought a letter of endorsement from the LEP, which was then attached to the application to the government for funding. Although this approach was not a formal sign off, it helped to demonstrate and ensure that the proposed activity was in accord with the region's strategy.
- A Member expressed concern about the quickness of the process that had resulted in the White Paper and the lack of time and, therefore, opportunities for meaningful consultation and helping to shape and influence the proposals. A Member also commented on advantages and disadvantages of being in the first wave of the Industrial Strategy implementation.
- In relation to how the region's strategy aligned with the national Industrial Strategy, it was noted that the recent work to refresh SEP had resulted in a refreshed evidence base, which had placed the region in a stronger position when compared to other areas.
- Funding as part of the Industrial Strategy was a combination of the existing money and new money. Work was ongoing to understand the detail of this funding and opportunities for the region as well as understand how the government was developing the UK Shared Prosperity Fund.
- The UK Shared Prosperity Fund was expected to combine domestic funding and the replacement European Union funding in one single pot.
- The Chair commented on the Secretary's of State for Business, Energy and Industrial Strategy good understanding of the needs of the region, including with regard to funding, but mentioned the importance of remaining realistic as the money was likely to come from cuts elsewhere and, once divided between the regions, it would not be substantial.
- There was currently no information on whether any money would be devolved to local authorities. There were, however, general references encouraging devolution.
- The reference to "local funding" under Local Industrial Strategies on page 10 of the report referred to potential match funding or prioritising local spend to meet the objectives.
- The LEP would continue to work in collaboration with local authorities and the private sector.

RESOLVED – That the report, and comments made, be noted.

23 ECONOMIC OUTLOOK UPDATE

Submitted: A report of the Senior Economist, North East Local Enterprise Partnership (previously circulated and attached to Official Minutes).

Members considered the report, and the associated presentation as delivered at the meeting and attached to the report, which provided an update on the North East's economic performance. The report was introduced by V Sutherland who also delivered the presentation and offered clarification of the key messages emerging.

As an update and in discussion, it was noted that:

- The refreshed SEP had presented data that showed an increase in the number of jobs in the region since 2013/14. Whilst the total number of jobs had subsequently declined slightly, it was hoped that the data due to be released tomorrow would show a further increase in employment.
- The relative SEP targets used England excluding London as a benchmark as London's economy was quite different to the rest of the economy meaning it represented a better comparator than England as a whole.
- The Office for National Statistics (ONS) had published data on regional Gross Value Added (GVA) data that had been calculated using the balanced approach for the first time, and was encouraging the use of this. The GVA data available previously was calculated using the income approach and production approach, with the LEP primarily using the income approach data.
- Most dynamic economies usually had a high business birth rate and a high business death rate, with the business birth rate being higher than the death rate.
- There was a range of issues affecting business start-ups, deaths and growth in the region, including confidence, aspiration, skills, access to finance, access to information, guidance and support, particularly as part of education.
- The national approach to calculating and analysing trade data had changed.
- With regard to trade, the region exported less than it imported.
- "CATAS" stood for the Combined Authority Technical Analysis Support group, as sub-group of the seven local authorities' Transport Leads.
- Members noted the launch event of the Our Economy report. Invitations would also be sent to all Members of the Advisory Board.
- The North East Data Hub would be a useful tool that would provide access to a wide range of data on the North East economy in an interactive format.
- The issue of unemployment was discussed, particularly the hard pockets of consistently unemployed population and difficulties in penetrating these

target groups despite substantial interventions and efforts. Possible reasons included confidence, way of life, education, intergenerational and cultural approaches, physical inability to get to work.

The Chair spoke about the importance of working with these target groups in their locality, building confidence and offering local jobs. The Chair spoke about the importance of transport, including accessibility, affordability and connectivity. The Chair commented on interdependence of many of these issues and reiterated the importance of local jobs across the region.

References were made to the Employability and Inclusion theme of the SEP, which set out to understand and address local dynamics and challenges.

- Members discussed the concept of better jobs and how this target was meaningful in the context of local issues discussed earlier.
- Members noted the importance of monitoring and analysing statistics on unemployment and economic activity.
- Members commented on the availability of reliable data and the challenges this represented, including in helping the region to develop appropriate strategies.
- Members suggested that a smarter sector analysis was needed, and which also would take account of the understanding that different sectors needed different interventions.
- Members discussed the tone of the forthcoming Our Economy report and its role in setting out activities to address challenges, including setting out a case for the government for funding streams for the region, whilst at the same time presenting the region for potential investors.

RESOLVED – That the report, and comments made, be noted.

24 **ECONOMIC DEVELOPMENT AND REGENERATION PROGRESS UPDATE**

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and attached to Official Minutes).

Members considered the report which provided an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

The report was introduced by G Currey who highlighted the key areas of work and progress, and provided updates, including in relation to an increased number of jobs as a result of investments into the region.

Members received a copy of the promotional brochure for Invest North East England titled North East England Works.

In discussion, was noted that:

- The Invest North East core team consisted of only three employees, although this work was supported by working closely with relevant teams in local authorities.
- Members were reminded that the Invest North East team was the first point of contact for the region and, importantly, an honest broker for the whole North East. Local authorities in the region worked jointly and at the same time competed against each other for investment.
- Members asked for further information on the number of investment into the North East and jobs created per local authority and per sector. This information would be provided to Members before the next meeting.
- In welcoming the work of the Invest North East team and collaboration between local authorities, references were made to the emerging North of Tyne Combined Authority and the importance of continuing to work jointly on Economic Development, Regeneration and Investment. This needed to be discussed by relevant groups at relevant stages.

References were also made to the view of the business community which was concerned about implications of the internal competition between local authorities in the region and who were keen to preserve the regional “Invest North East” brand.

The Chair commented on the amount of work undertaken to develop the Strategic Economic Plan (SEP) for the region, the value of the knowledge gained as part of that work and the importance of delivering the SEP which had been agreed by all local authorities in the region.

The Chair also spoke about the importance of avoiding the creation of a separate model and destroying the hard work undertaken to date. He suggested that an appropriate legal agreement would be an option to consider for the combined authorities in the region to formally ratify their agreement to work together to deliver priorities under the SEP.

Members agreed that it was critical to continue to work jointly, irrespective of the governance arrangements for the combined authorities in the region.

- A comment was made about the importance of collaborating with Tees Valley Combined Authority. In response, it was confirmed that, whilst it was important to keep a regional overview, Invest North East also collaborated with Tees Valley Combined Authority. Members noted examples of this work, including how appropriate enquires were shared between the regions.

RESOLVED – That the report, and comments made, be noted.

25 **DATE AND TIME OF THE NEXT MEETING**

Tuesday, 27 March 2018 at 2 pm at Newcastle upon Tyne.