

North East Combined Authority

Economic Development and Regeneration Advisory Board

15 February 2017

(2.00 - 3.25 pm)

Meeting held at the Skylight, The Beacon, Westgate Road, Newcastle upon Tyne, NE4 9PQ

Present:

Councillor: N Foster (Chair)

Councillors: G Bell, N Foster, G Haley, B Pickard and H Trueman

Co-opted Members: G Hall, J Walker, S Hanson

44 APOLOGIES FOR ABSENCE

Councillors I Malcolm, P Watson and Co-optees B Farhat and S Glendinning.

45 DECLARATIONS OF INTEREST

None.

46 TERMS OF REFERENCE

Noted.

47 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 25 October 2016 were approved as a correct record and signed by the Chair.

48 APPOINTMENT OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2016/17

The Chair proposed G Hall as second Vice-Chair of the board for the municipal year 2016/17. This was agreed.

RESOLVED - That G Hall be appointed as a second Vice-Chair.

49 ECONOMIC DEVELOPMENT AND REGENERATION - PROGRESS UPDATE

Submitted: report of the Economic Development and Regeneration Thematic Lead (previously circulated and copy attached to the official minutes), which provided a progress update on the key areas within the economic development and regeneration theme.

The Chair noted the importance of sponsorship for attending MIPIM in 2017.

The advisory board discussed current enquiry levels and issues that may arise in respect of having no financial incentive scheme in place for potential investors. It was noted that:

- The fall in enquiries between 2015 and 2016 mirrored a similar fall in enquiries via central government; and although Brexit may have played a part, there are no identifiable reasons for this. Enquiry levels have now increased again.
- Large back office or manufacturing companies will usually seek a financial incentive to support their business case. In lieu of this the INEE team will still continue to promote the other attributes of the area.
- The previous grant funding scheme was resourced by the Regional Growth Fund. In addition to this scheme a North East wide scheme called 'Let's Grow', facilitated by The Journal, ran for two years at £30m per year.
- Other areas with no incentive schemes are facing similar pressures, although some LEPs may still have access to local growth fund resources through use of legacy funding from recent business closures.
- The area is in competition with Scotland, Wales and Northern Ireland, who generally have financing schemes in place.
- Enquirers are made aware of other funding options available, including JEREMIE. However, many investors of larger strategic projects are seeking grant incentives rather than loan funding.
- Support through available incentive schemes in other areas can range from £10,000 per job created to 20% of the salary per job, over two years. Tight criteria would need to be agreed if the area is able to establish any scheme.
- A grant scheme is an important part of attracting new investment to the area, in the context of retained business rates.
- Although the level of Local Growth Fund allocated to the area was disappointing, the area did relatively well in comparison to many others. The un-earmarked resource of approximately £6m will be allocated by the LEP Board in relation to business growth, skills and innovation priorities.
- Concerns in relation to the impact of not having a financial scheme in place, may need to be escalated to the Leadership Board.

After discussion it was agreed that the issues discussed be initially referred to the Economic Development Directors, to report back to the next meeting.

RESOLVED: that Economic Directors be asked to review the position and report back to the next meeting.

50 **IMPACT OF BREXIT ON NORTH EAST BUSINESSES**

Submitted: a report of the Economic Development and Regeneration Thematic Lead (previously circulated and copy attached to the official minutes).

The advisory board also received a presentation setting out a summary of the discussion held with business and the key messages to inform the Brexit debate (copy attached to the official minutes).

In discussion it was noted that:

- Universities are also concerned about the impact of Brexit on applications from international students.
- There are concerns that the implementation of any new visa/immigration system could result in a quota that is dominated by London; and that there is a lack of understanding by government about the global market place that many businesses operate in, when seeking to recruit.
- There are no identified issues for businesses as a result of the Brexit vote. Businesses continue to deal with issues such as an increase in the Living Wage and uncertainty in the market place.
- Uncertainties exist in relation to the government's industrial strategy, the Northern Powerhouse and devolution.
- That it is important for the area to agree key messages and input into the debate about leaving the EU, particularly stressing risks to manufacturing and large businesses in this area.

The Chair suggested that he could feedback the key messages into the Leadership Board. It was also suggested that Councillor Watson may be able to raise these points in a forthcoming meeting with the Rt. Hon. Greg Clarke; and that others may have the opportunity to do the same if meeting with government.

RESOLED – that the report be noted.

51 **EXPORT SERVICES FOR NORTH EAST BUSINESSES**

Submitted: a report of the Economic Development and Regeneration Thematic Lead (previously circulated and copy attached to the official minutes).

The advisory board also received a presentation providing an update on international trade support and recent activities (copy attached to the official minutes).

In discussion, it was noted that:

- Companies usually require some level of financial support to assist them in accessing new markets and DIT is providing match to ERDF for this.
- Trade missions are advertised on the DIT website and published in the regular newsletter. Internal Trade Advisors seek to ensure that the right companies are selected. It was agreed that communications with the Federation of Small Business would be reviewed.
- Many small companies are accidental exporters at first but as a result end up in the DIT system, where they can then access support and information.

RESOLVED – That the report be noted.

52 INDUSTRIAL STRATEGY

Submitted: report of the Economic Development and Regeneration Thematic Lead (circulated on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985), which provided an overview of the government's 'Building our Industrial Strategy' green paper.

In discussion it was noted that:

- In the area there has been a 38% reduction in research and development spend, from £78m to £48m in 2015/16; which is in contrast to the south of England. No solution to this issue is outlined in the document.
- The LEP and Combined Authority will prepare a joint response, incorporating any feedback from the board and private sector.

RESOLVED – that the report be noted.

53 DATE AND TIME OF THE NEXT MEETING

Next meeting to be held 10am on Tuesday 4 April 2017 in Northumberland, venue to be advised.