

North East Combined Authority, Leadership Board

3 September 2019

Agenda Item 3

(2.00 - 2.30 pm)

Meeting held at Sunderland Civic Centre, Burdon Road, Sunderland, SR2 7DN

Present:

Councillors: I Malcolm (Chair), Henig, Miller, Donovan

Officers: Patrick Melia (Chief Executive, Sunderland), Sheena Ramsey (Chief Executive, Gateshead), John Hewitt (Chief Finance Officer NECA) , Stuart Reid (Corporate Director Business and Resources, South Tyneside) and Mike Barker (Monitoring Officer, NECA).

1. APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillor M Gannon, Martin Swales and Nicola Robason .

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF THE MEETING HELD ON 23 JULY 2019

The minutes of the previous meeting held on 23 July 2019 were approved as a correct record.

4. ANNOUNCEMENTS FROM THE CHAIR

There were no announcements from the Chair.

5. CHAIR THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Chair of the NECA Leadership Board (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Chair's portfolio. The core activities of NECA are driven forward by the three strategic themes, the Chair's portfolio ensures that the Combined Authority is well

positioned inter-regionally, nationally and internationally to influence policy, lever external investment and create jobs for local people.

Since the previous Board a meeting had taken place with senior officials at the Department for International Trade (DIT) who operate from the Northern Powerhouse office(NPH). This provided an opportunity to update DIT officials on the emerging priorities of NECA and the key issues emerging from the work of the three portfolio themes. Representatives from Invest North East England (INEE) were also present at the meeting and this provided an opportunity to highlight the performance of INEE and explore opportunities for strengthening collaborative working. A further meeting was being organised with Henri Murison, the Director of the Northern Powerhouse.

The proposed new arrangements for delivering the Trade Contract were highlighted. The meeting with the DIT officials was a good opportunity to raise concerns about the contract and in particular the decision that it operate at a NPH level. It was felt that this would be better operated across all twelve Local Authorities in the North East. The contract is currently delivered by the North East Chamber of Commerce at a regional level. It was further proposed that the new service would introduce a Diagnostic and Brokerage service which will be focused on high growth businesses; those with a turnover in excess of £500,000. This would disadvantage the majority of North East businesses that would be ineligible for this service.

There was also concern that the Local Authorities were not included on trading matters and that going forward they should be given some role. DIT had published its schedule of trade missions and it was agreed that officers would continue to discuss opportunities for these to be promoted to NECA businesses. An opportunity to work together to promote investment in the NECA area's strategic employment sites was also discussed. Another meeting will be held in six months.

The Chair had met with the NECA Head of Paid Service and Senior officers from the North East Local Enterprise Partnership. They discussed the North East Local Industrial Strategy and how NECA, working with government would maximise the North East's contribution to UK productivity and specifically areas where NECA can contribute to the UK's Grand Challenges and Sector Deals.

RESOLVED – That the update be noted.

6. ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Thematic Lead of Economic Development and Digital (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Economic Development and Digital Theme.

The Board had received a comprehensive INEE update at the last meeting covering inward investment success for 2018/19. During this period 1,713 jobs had been created through 52 investment projects in the NECA area. The figures for the first quarter of 2019/20 will be presented to the next meeting of the Board.

Given the uncertainty surrounding Brexit, work will continue to ensure preparation and resilience through the North East.

The government have requested that Local Enterprise Partnerships develop Local Industrial Strategies. The LIS's will inform priorities and allocations for significant funding streams including the UK Shared Prosperity Fund. The draft LIS builds on the North East's strengths and assets through five key priority themes:

- A clean growth future through energy and environmental assets;
- Transforming manufacturing: smarter, greener and global;
- Improving health at a time of demographic change
- Digitalisation and growth in the knowledge economy and
- Driving a productivity culture and improving standards of living across our region.

An update was provided on the European Structural and Investment Funds, the European Regional Development Fund, The European Social Fund and the Strength in Places Fund.

RESOLVED – That the update be noted.

7. FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Corporate Director (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Finance and Skills and Employability Theme together with the baseline position for a future 'Skills and Employment' ask for the North East Combined Authority.

Research had been undertaken by the Association of Employment and Learning Providers which found that small and medium sized businesses across the country were being prevented from offering new apprenticeships because the levy which funds the government's flagship skills programme is short of funding.

SME's had previously been the main recruiters of young people, including school leavers, 90% of the apprenticeships offered by small businesses are filled with 16-24 year olds. During 2018/19 the programme starts for 16-18 year olds had fallen by 7% and by 23% compared with the year before the levy system began.

The Department for Education Employer Skills Survey is currently being undertaken, which will gather information from May to November 2019. The data gathered will consider the skills challenges faced by employers within their existing workforces and the issues in terms of bringing in new skilled labour.

The details on how much the UK Shared Prosperity Fund UKSPF will have to distribute, and when it will be up and running is still unknown. Further clarity is being sought. It is anticipated that the UKSPF will help to prepare for potential economic challenges following any withdrawal from Europe, assist in addressing any skills shortage and possibly reduce pressures on Job Centre Plus.

RESOLVED – That the update be noted.

8. TRANSPORT THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Thematic Lead for Transport (previously circulated and copy attached to the official minutes).

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

The Department of Transport had announced two new opportunities open to Local Authorities to bid for funding.

- The Highways maintenance challenge fund allows for a bid for funding for highway maintenance projects, there is £100 million available nationally over a three year period for such projects.
- The Pinch Point Fund will provide £75 million for projects designed to help ease congestion on local roads.

The Joint Transport Committee had submitted an initial Tranche 2 bid to the Transforming Cities Fund. Initial feedback had been received and a final bid will be submitted in November 2019.

It was reported that due to the uncertainty of Brexit Nexus had not received any notification on the Revenue Grant. Nexus had approached government to request a four to five year settlement to allow them to plan ahead. Officers had lobbied very hard over a long period yet there was still no certainty on the matter.

RESOLVED –

- (i) That the update be noted and
- (ii) the Chief Executive of Gateshead write to Government expressing concern over how long a decision and clarity is taking in respect of the Revenue Grant payment.

9. ECONOMIC UPDATE

Submitted: Report of the Economic Development and Digital Thematic Lead (previously circulated and copy attached to the official minutes)

The Economic Performance of NECA is measured against:

- More and better jobs
- The employment rate
- The economic activity rate.

It was reported that NECA were performing well against all three areas. Between 2014 and March 2019 employment grew by 74,900 in the North East Local Enterprise Partnership Area and 50,800 of these net new jobs were located in the NECA area.

Out of the 74,900 jobs, 62,300 (83%) were classed as 'better jobs', the target level was set at 70%. In the NECA area the number of people classed as being in 'better jobs' was 35,800.

The Employment Rate measures the number of working age people who are in employment or self-employed. The NECA employment rate has increased by 6 percentage points, this was greater than the 3.8 percentage point increase across England.

The North East has historical low levels of economic activity brought about by industrial restructuring, the LEP set a target in 2014 to reduce the gap in economic activity rate of 50% by 2024. The data show that over the past 5 years the NECA geography has witnessed a reduction in the gap so far of just over one third. The economic activity rate gap lies at just 1.9% below the figure for England excluding London. The North of Tyne area had seen its economic activity gap grow compared with England excluding London, the gap now stands at 4.9%.

The NECA economy has achieved the following:

- Rapidly increased the number of jobs within the region, providing around two thirds of all additional jobs in the NELEP area.
- Delivered on the target of more than 70% of additional jobs being "better jobs" as defined, but not to the extent achieved in the North of Tyne area.
- Dramatically increases the proportion of residents of working age in employment, overtaking the North of Tyne area in this regard.
- As a result, narrowed the gap in economic activity, drawing more residents into the workforce.

The work undertaken by the business development teams across each Local Authority area within NECA was detailed for information. Several investment projects had been put on hold due to market conditions and Brexit concerns. The region looks forward to a period of re-establishing the rate of investment and attracting foreign investment. In the meantime officers would continue to work toward creating the right conditions to attract employers to invest with confidence.

Officers were working with Local Authorities across the larger region and the LEP to manage the consequences of Brexit. It is expected that the North East will be one of the worst affected regions of Brexit in particular a no deal Brexit, it is projected that there could be a 16% reduction in the size of the economy. Officers are working to ensure the risks are highlighted and Local Authorities are in a position to respond.

RESOLVED – That the position be noted.

10. BUDGET PROCESS AND TIMETABLE

Submitted: Report of the Chief Finance Officer (previously circulated and copy attached to the official minutes)

Details of the proposed process and timetable for the preparation, consultation and approval of the 2020/21 budget was presented together with an indicative three-year medium-term financial strategy/plan strategy for the North East Combined Authority.

RESOLVED – That:

- i. An additional JTC Overview and Scrutiny Committee meeting be arranged in November and a Leadership Board meeting be arranged for early December to fully comply with the constitutional requirements in terms of budget setting for 2020/21 and
- ii. Approval be delegated to the Chair and Head of Paid Service to agree the budget timetable after consultations with the seven Local Authorities.

11. EMERGING POLICY INTENTIONS OF CENTRAL GOVERNMENT

Submitted: Report of the Deputy Monitoring Officer (previously circulated and copy attached to the Official Minutes)

The report provided an update on the emerging policy intentions of the new Boris Johnson's government as at the date of the Agenda circulation. Given the current fast changing picture in Parliament the Board noted the information.

RESOLVED – That:

- i. The information be noted;
- ii. The fast changing position in Parliament continue to be monitored and assessed and
- iii. Officers send a letter outlining the work and ambitions of NECA to key Ministers and request that they meet with Board Members when they are in the North East to allow for discussions and visits to the region.

12. EXCLUSION OF PRESS AND PUBLIC

By virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, the press and public were excluded from the remainder of the meeting for the duration of consideration of agenda item 11 (confidential minutes) and item 12 (project approvals update report), because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

13. CONFIDENTIAL MINUTES OF THE MEETING HELD ON 23 JULY 2019

The confidential minutes of the previous meeting held on 23 July 2019 were approved as a correct record.

14. DATE AND TIME OF NEXT MEETING

Tuesday 5 November 2019 at 2pm.

