

Delegated Decision Report

19th July 2021

Subject: Inward Investment Decision – Investment Promotion Agency (IPA) Capacity Funding
Report of: Chief Economist
Decision maker: Managing Director
Portfolio: Investment and Resources

Report Summary

At the July 2021 Cabinet meeting, it was agreed that £1.3m was to be allocated from the NTCA Investment Fund to support activity to strengthen inward investment activity – with a view to creating a minimum of 200 new jobs. This report provides information on the detailed proposal and requests the final approval of funds from the Managing Director in line with the following Cabinet delegation:

“Cabinet delegate authority to the Head of Paid Service [Managing Director], in consultation with the Mayor, Portfolio Holder and Investment Panel, to consider and approve a proposal for funding (Decision 9.6, July 2021).”

Recommendations

The Managing Director is recommended to approve the application, subject to the following conditions:

- A single project delivery plan is co-produced by Invest Newcastle (part of NewcastleGateshead Initiative), Advance Northumberland, and Invest North Tyneside (part of North Tyneside Council) following the appointment of sector specialists, and prior to the first grant claim, which includes both a procurement plan and a formal 12-month review as outline in Investment Panel report.
- Outputs of this programme should be in addition to those created through other awards of the Inward Investment Fund. This funding condition should be explored during the 12-month review.

1. Background Information, Proposals and Timetable for Implementation

Inward investment is an economic growth mechanism that can accelerate the creation of jobs. It alleviates the symptoms of a regional economy with a relatively low number of business start-ups and stimulates market evolution through competitive growth. Inward investment activity runs in parallel to skills initiatives to ensure that demand and supply grow in tandem, and together facilitate rising employment rates.

Table 1. Project outline

Proposal Name	Inward Investment Capacity Funding
Lead Organisation	North of Tyne Combined Authority, with delivery partners NewcastleGateshead Initiative (Invest Newcastle), North Tyneside Council (Invest North Tyneside) and Advance Northumberland.
Delivery Areas	North of Tyne
Timescales	November 2021 – March 2024
Project Value	£1,299,505
NTCA Funding request	£1,299,505
Financial implications	Of the £10m Inward Investment Fund, £3.5m would remain uncommitted if this project is approved.

This project will fund additional capacity to augment the activity of the existing Investment Promotion Agencies (IPAs), in the North of Tyne area; Invest Newcastle (NewcastleGateshead Initiative), Invest North Tyneside (North Tyneside Council), and Advance Northumberland. The capacity is required due to the current issues of lack of resources to fully respond to and manage existing queries, lack of specialist technical knowledge by current 'generalist' staff, and an opportunity to increase pro-active lead generation activity.

As a result, we expect to secure 5-10 new business investments into the area, creating at least 200 jobs in strategic sectors for NTCA, namely corporate services (financial, professional and business services), life sciences and healthcare (inc. pharmaceuticals), and green energy (low carbon and electrification).

This will support activity to:

- reposition the inward investment offer of North of Tyne in a post-COVID/post-Brexit UK, working with non-sector-specialist team members to articulate this offer across marketing and communications
- identify and support Northshoring and Foreign Direct Investment projects in their specialist areas, leveraging national and international networks and laying the groundwork for further international activity
- develop niche subsectors propositions to pro-actively target large/'apex' companies
- support key account management activity by identifying supply chain and expansion opportunities
- refer relevant companies to the NTCA Inward Investment Grant Fund (or other funding routes if appropriate).

The work will include evidence gathering, development of promotional materials (sector-specific/company-bespoke propositions), proactive engagement with target companies, liaison with

Department for International Trade and other trade/investment agencies to promote our NTCA offer, and hosting of events and visits.

2. Potential Impact on Objectives

Inward investment is a key element of the NTCA's strategy to deliver the objectives set out in the devolution deal and the Economic Vision. The area has historically had relatively low levels of business start-ups, and inward investment opportunities directly provide additional job opportunities.

At least 200 jobs will be created through this activity, all in sectors of strategic importance to NTCA and typically of a high skill/value. This output are in line with general expectations of cost-per-job of other Inward Investment activity.

3. Key Risks

Individual programme risks have been included in the application form.

Risk will be managed by the NTCA programme team in line with the claims and monitoring work instruction, and addressed in partnership with local authority investment promotion agencies. Risk is reported to the Investment Panel as part of the monthly performance report.

4. Financial and Other Resources Implications

In line with our agreed claim process, grants will be paid at the agreed intervention rate (100%) quarterly in arrears and upon verification of costs.

The financial completion date for the projects will be March 2024.

Below is an approximate forecast projected spend profile:

£000s	Financial Year				Total
	21/22	22/23	23/24	24/25	
Total (£)	171	717	411	0	1,299

5. Legal Implications

The Monitoring Officer has been consulted and has no comments to add.

6. Equalities Implications

As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.

The company will be required by law to meet all relevant requirements in the workplace in respect of equalities. In addition, we will encourage wherever possible, all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

7. Inclusive Economy Implications

All Inward Investment Fund applications are required to set out an approach which contributes towards NTCA’s ambitions for an inclusive economy, this has been assessed through the appraisal process and considered acceptable.

8. Climate Change Implications

Climate change benefits are not specifically referenced in this report. It is not envisaged however to have any negative impact.

9. Consultation and Engagement

Throughout the process, extensive consultation has taken place, this has included discussion at Technical Officers Group meeting, Investment Panel, at both Officer and Director level between teams in NTCA, the 3 local authorities and with Invest North East England. Invest Newcastle, part of NewcastleGateshead Initiative, Advance Northumberland and Invest North Tyneside, part of North Tyneside Council, have been directly involved in co-developing the proposal.

Regular briefings have been provided to the elected Mayor and Portfolio lead for Investment and Resources, both are supportive of the investment.

10. Appendices

None

11. Background Papers

NTCA Cabinet, 17 December 2019, Item 5 (DD to HoPS, with Mayor consultation)

NTCA Cabinet, 27 July 2021, Item 9.6 (DD to HoPS, with Mayor and Portfolio Holder consultation)

12. Contact Officers

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13. Glossary

NTCA	North of Tyne Combined Authority
IPA	Investment Promotion Agency
FDI	Foreign Direct Investment
FTE	Full Time Equivalent

14. Sign-off

1) Mayor and Portfolio holder Yes	2) Director/SMT Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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