

Cabinet

Tuesday, 22 March 2022 at 2.00 pm

Meeting to be held: Committee Room, Northumberland County Council, County Hall, Morpeth, NE61 2EF

www.northoftyne-ca.gov.uk

SUPPLEMENTAL AGENDA

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5. Getting Stuff Done - NTCA Annual Report	1 - 6
8. Investment Fund Update and Funding Approvals	7 - 20

Contact Officer: Victoria Miller
Tel: 0191 211 5118
Email: Victoria.Miller@northoftyne-ca.gov.uk

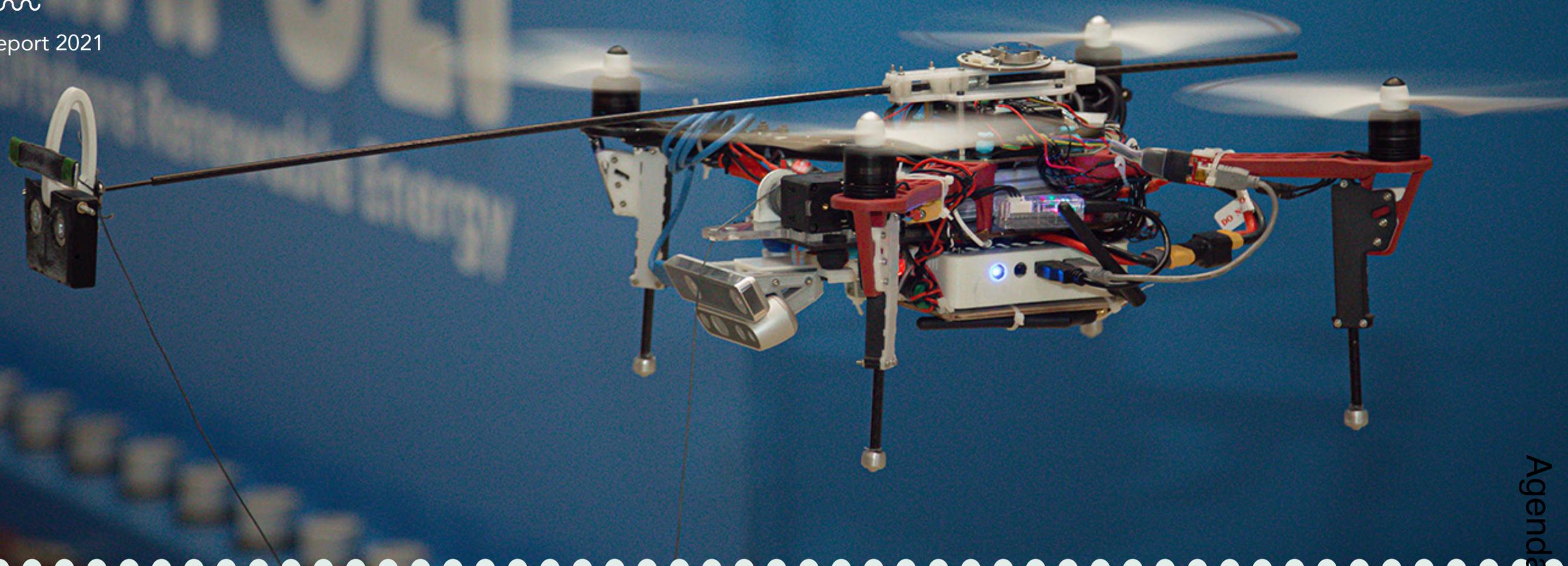
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GETTING STUFF DONE. IN 2021



Annual Report 2021

**NORTH
OF TYNE**
~~~~~  
**COMBINED  
AUTHORITY**



Page 1

# FOREWORD

## WELCOME TO THE NORTH OF TYNE COMBINED AUTHORITY'S ANNUAL REPORT FOR 2021.



**MAYOR DRISCOLL**  
North of Tyne

If this year has been about anything it's been about communities; people looking after each other and helping out vulnerable neighbours. People getting together virtually or in person to make their places better. People saying "enough" to climate change. At North of Tyne Combined Authority (NTCA) we are committed to listening to you, and this year we have heard from so many of you who want us to do whatever we can to thwart the impending climate catastrophe.

NTCA have embedded our 'zero-carbon – zero poverty' approach; the Energy, Green Growth and Climate Change programme, improving the north bank of the Tyne, green crowdfunding and our Green New Deal which will create jobs, reduce emissions, and save money – it's the kind of innovation that's needed for local areas to become net-zero. Creating jobs need not cost the Earth.

We know that everything counts, so I'm as proud of the bee-keeping project on the Meadowell Estate as I am of our big-ticket offshore wind items, like Woodside Avenue and Walker Quay, part an £18.6 million package of investment and Swans Energy Park, a £7m

package of investment to support the growth of the North East Offshore and Subsea cluster. We are leading the way!

My job at NTCA is about delivery; building links with businesses to boost the local economy, joint working with colleges and universities and using my convening powers to bring people together across the North of Tyne to make a difference.

Our Good Work Pledge acknowledges those great employers who look after their staff and I'm delighted that the pledge now covers over 35 500 employees. That's 35 500 people with secure employment, a decent wage, proper representation and a ladder to boost skills to turn a job into a career.

The North East has often lagged behind after any national or global recession, but we've seen regional growth remain relatively strong and I'm optimistic about the future. Every job we have created or safeguarded in 2021 has improved someone's life – that's our reason for being here and I could not be more pleased with our success in a challenging year for everyone.

NTCA was created by its founding partners to identify and deliver our shared vision for the region – a happier, healthier, better-connected and more prosperous North of Tyne. Our vision and priorities remain the same, but we have re-shaped portfolios and developed a Corporate Plan to better reflect our focus on key challenges. Not least, recovery from the pandemic and the effects of Brexit.

Our focus will always be on good jobs but it's really important to me that we ensure our residents have the skills to access these jobs. So, we have picked up our pace on skills and have now delivered over 25 000 enrolment opportunities and these are reaching our most disadvantaged residents, with nearly 70% undertaken by residents living in the most deprived areas - and with a 95% success rate.

A good education at school is always going to be the best way out of poverty and our education programme coupled with a child poverty initiative has begun an exciting approach that will support families, children and schools to ensure future generations in the North of Tyne have the opportunities they deserve.

Devolution has given our region a once-in-a-generation opportunity to create opportunities for our residents. We are driving a 30 year multi-million investment package over housing, skills, digital technology, ageing, cultural industries, events and so much more. Since our original deal we have secured a further £35 million of grant funding, demonstrating faith by government that we can deliver. Our projects and programmes have directly generated a commitment of over £254 million from private sector investors too. We have shown we have what it takes to ensure the region's continued economic and cultural renaissance and address the social challenges facing our communities.

As I look back at 2021 and how we have faced the challenges and done what we needed to do to support our people - I have never been more certain that together we can build a better and brighter future for all of our people.



**DEPUTY MAYOR REDFEARN**  
North of Tyne

# OUR TOP FIVE ACHIEVEMENTS IN 2021



**4487+**  
new jobs in the pipeline for growing businesses



**2679**  
jobs saved in a tough economic climate



**28 800**  
courses for people to get good jobs



**1707**  
businesses supported with advice and guidance



Launched our **£18m** Green New Deal fund, investing in low carbon projects

## REVOLUTIONISING THE OFFSHORE WIND INDUSTRY



Transmission Dynamics, based in Cramlington, is an engineering firm developing ultrasonic safety testing equipment to be fitted to thousands of offshore wind turbines. It will provide real time information about the effectiveness of individual turbines, flagging performance and maintenance issues. The award-winning Internet of Things specialists said the sale and manufacture of the equipment and associated data analysis would help generate £8 million a year by 2030 and create 50 jobs. The tech will revolutionise the industry driving innovation and efficiency.

Director Jenny Hudson said investment from the Technology, Innovation and Green Growth for Offshore Renewables (TIGGOR) programme backed by the North of Tyne Combined Authority made the project possible. "We would not have been able to commit to this ambitious industrial research project without the TIGGOR funding," she said. "It will support us to develop innovative, low-cost sensors to deploy ultrasonic guided waves across wind turbine towers and foundations identifying cracks, corrosion and loss of bolt tension for wind turbine structural integrity testing."

Transmission Dynamics, which is building a £4.8m base at Northumberland Business Park, began as an engineering consultancy and has grown to become a leading Internet

of Things specialist. They have a growing client list of wind turbine developers operating globally. Working with the industry, the company will retrofit existing technology to create its new ultrasonic testing apparatus.

It is one of five companies operating in Newcastle, North Tyneside and Northumberland – Transmission Dynamics, Kinewell Energy, SMD, Trident Dynamics and Unasys – to receive a share of £1.7m in match funding made available through the first round of the TIGGOR programme's technology demonstration strand. Further rounds of investment will follow.



## "I'VE GONE FROM HOBBYIST TO PROFESSIONAL..."

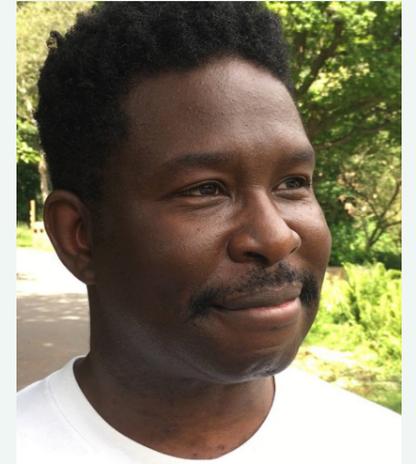


Solomon is passionate about his new business making soap. A self-confessed hobbyist during the pandemic he started to see demand for his products increase and was keen to turn this love into a commercial success.

He contacted NBSL our partner to help gain business skills to start his business on a strong footing. The Better Business Skills programme he joined was developed in conjunction with us and provides tailored support to emerging businesses. It helps them research, sell and market their products. This support helped give Solomon the confidence he needed to blend his love of retail and knowledge of natural cosmetics. He has now created a range of licenced soaps to soothe specific skincare issues.

"Joining this programme has been amazing. I needed a little bit extra, I needed a little bit more – it's been sensational. It gave me the roadmap and skills I needed to go from hobbyist to professional", said Solomon.

With over 100 businesses already taking part, this investment is helping create new entrepreneurs in our region. Find out more: [nbsl.org.uk/better-business-skills](https://nbsl.org.uk/better-business-skills)



### FUTURE FARMING TECH



With our grant funding of just £5.5k Northumberland based business AgriTech unlocked a further additional six-figure investment for their innovative farming drone and smart-analytics product. Drone Ag is cutting edge, flying over fields to take soil samples and map the land without the need to drive diesel tractors over acres of terrain. It will help transform farming, saving time, money and cutting CO2.



### CROWDFUNDING CREATES A BUZZ



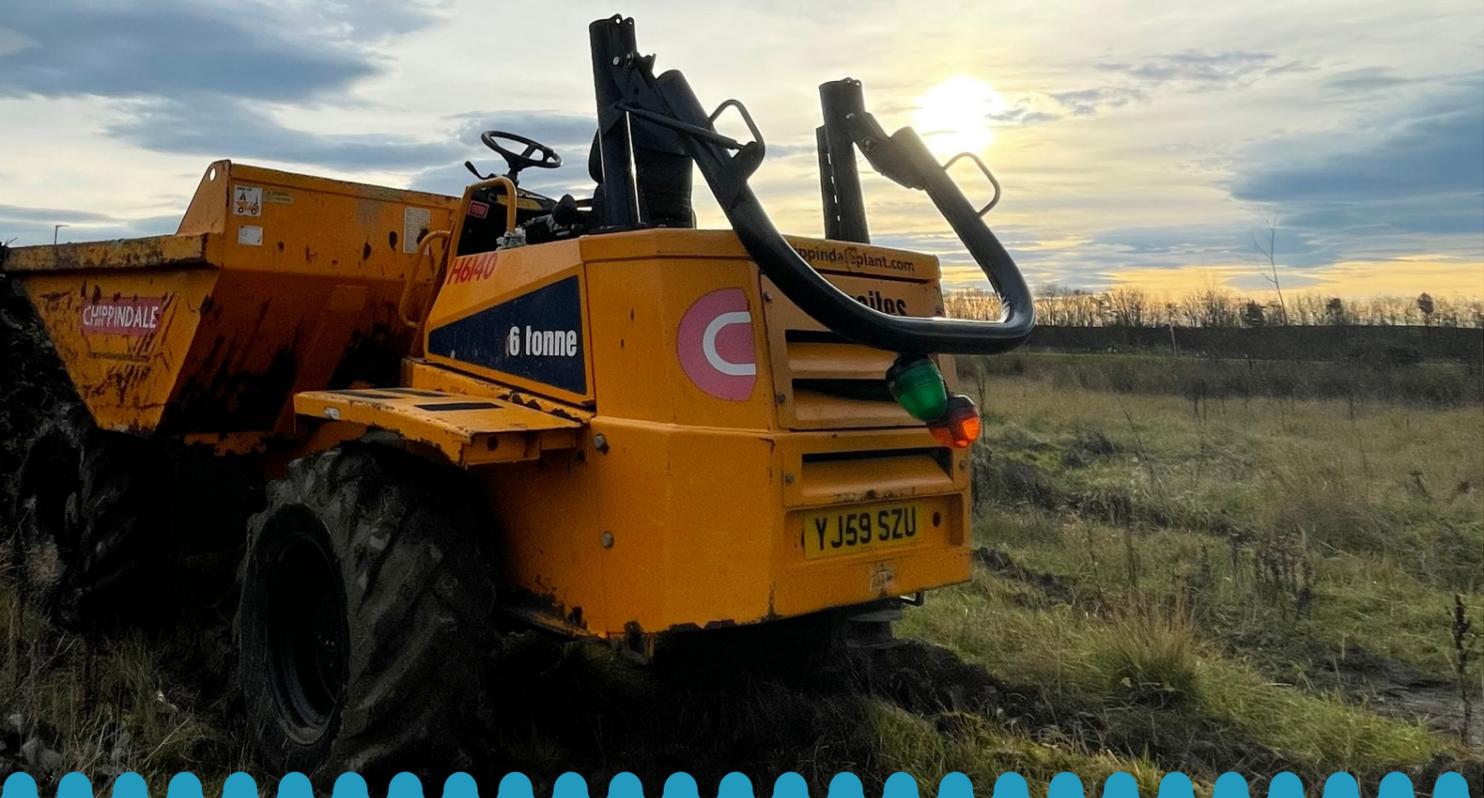
This was the year that our crowdfunding really took off. With 16 projects funded, 822 backers getting involved and £122k pledged - many community projects are up and running, helping the environment, tackling poverty and brining communities together. From the Meadowell beekeeping project, to recycling bikes at Recyke y'bike in Byker, to Haltwhistle's World War II storytelling, people are coming together to fund great ideas in their area. Get involved! Google Crowdfund North of Tyne to find out how.



### INVESTING IN CREATIVE INDUSTRIES



With Creative UK in 2021 we launched our culture and creative investment programme, providing financial and business support to the sector. Our £3.25m programme is already creating success – Do Gooder a Newcastle based creative agency is expanding with the loan investment we've provided, speeding up their growth and the support they give to regional businesses and their brands to be at the cutting edge of creativity.





## BRINGING PEOPLE TOGETHER

Culture, arts and sport are for everyone... That's why we invested in events during 2021 – to create a buzz, get people out and about, help communities come together and drive footfall and tourism for our local businesses. This has never been more important as we recover from the pandemic. 70 000 people attended our events. From the first North Sea Weekender surfing festival on the coast to the internationally renowned Great North Run, we're investing to put the region on the map. And there is much more to follow.

During the past year the Hadrian's Wall Partnership has been rallying the troops to bring together a festival celebrating 1900 years of Hadrian's Wall World Heritage Site. A packed programme is planned and ready to go. Developed by communities and organisations along the Wall it includes thought-provoking talks and walks, flavoursome food festivals and spell binding re-enactments. Just one of the big events that will be happening across the region in 2022!



## STAND UP FOR GOOD WORK

Our region is a great place to live, work and do business but, for too many, life is a struggle and it's time to change that. Many who are 'in' work are also living in poverty and we are taking steps tackle this unfairness.

We are standing with the businesses and organisations that are working hard to make sure their employees are happy, healthy, and well rewarded.

Our Good Work Pledge celebrates the achievements of employers, it shows how we can come together to make a difference.

Fifty organisations are signed up to the pledge who between them employ over 35 000 employees. This year Newcastle College was one of many employers to be recognised for their commitment to being a great place to work. Lisa Hamilton-Murray, Deputy Principal of Newcastle College said "We're thrilled to have received the Good Work Pledge. As a college, our vision is to develop the skills and talents of our students to succeed and make a positive contribution to the prosperity of the North East.

"It is impossible to realise this vision without the strength and skills of our passionate and talented team. We are



committed to creating a motivated and skilled workforce, ensuring that we provide good jobs and recognise, value and nurture everybody who contributes to what we do."

Through the Good Work Pledge scheme employers can stand up and be counted for the good work they do, and others can get on the journey to making the necessary improvements. Organisations can apply now on our website.

Google Good Work Pledge to get involved!



## DIGITAL GROWTH LEADING THE WAY

Newcastle has an ever-expanding digital sector, with Government forecasts of more than 13,000 new jobs created over the next three years. In 2021 a number of successful inward investment announcements and plans supported by North of Tyne and its partners has seen overseas tech firms such as Monstarlab, Xplor, Version1 and Arctic Wolf all committing to creating new jobs in the city.

## HELPING CARERS RETURN TO WORK

In 2021, the Return-to-Work Carers Project supported 147 carers, with dedicated carer into work advisors helping the majority into education and training to achieve their career aspirations. One carer said, 'I couldn't do it if it wasn't for you...I feel like I am going to do well, it means loads to me'.

## HELPING YOUNG PEOPLE INTO WORK

We're supporting Kickstart, a Government scheme to get young people into work. In 2021, we supported 97 businesses to create jobs for 177 young people. Brandon found it difficult to get employment after leaving school, but following a successful Kickstart placement with Northern Star Sports, he secured a permanent job there. He says "I can't thank everyone enough for giving me a chance to show what I can do. It's helped me get my life sorted."

# WHAT WE'VE ACHIEVED IN ONLY ONE YEAR




Generated **£276m** additional private sector investment into our region\*  
\* Since 2019

**GOOD WORK PLEDGE** ✓  
35 000 employees working at places supporting the Good Work Pledge



Prepared land for **3144** new homes



Unlocked Northumberland Line rail investment, creating a new economic corridor in training and skills



Supported **59** SMEs to go digital!



Investing **£78m** in 91 projects\*  
\* Since 2019



Boosting growing sectors, investing **£5m** in training and skills



Created a Tyne Taskforce of public and private sector to transform our river



Working on **7** Citizens' Assembly recommendations to tackle Climate Change



Helped **2684** people get 'work ready'



Brought over **70 000** visitors to local events with more to follow in 2022



Created **156** hands-on STEM experiences for young people

**£20m** invested in offshore energy sector and transition to Net Zero




Investing **£3.3 million** in ageing, and ageing well



**147** carers supported in going back to work



**10** community crowdfunded projects helped bees, carers and Covid recovery



Investing **£1.8m** to tackle child poverty and help children thrive



**100%** response rate on enquiries and FOIs



**162** rural businesses supported



Invested **£4.75m** in our culture and creative sector\*  
\* Since 2019



Investing **£7m** in 5G innovation and getting people connected



Attracted 5 companies and **2000** jobs to the region through inward investment

# AND SO MUCH MORE...

**NORTH OF TYNE**  
COMBINED AUTHORITY

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**Subject:** Investment Fund Update and Funding Approvals  
**Report of:** Chief Economist  
**Portfolio:** Economic Growth

### Report Summary

The purpose of this report is to update Cabinet on progress with the North of Tyne Investment and Brownfield Housing Funds. This includes more than £15m of new project approvals, £8m of additional funding from Government and a request to commence the procurement for NTCA's £10m fund for investment in early-stage innovative companies:

- **£1.3m** for an additional phase of the NTCA's successful Innovation Recovery Grants programme. This will help a further 130 new businesses develop their capabilities, creating at least 65 more jobs whilst safeguarding a further 130 positions.
- **£5.235m** investment in creating new Cultural and Creative Zones, focussed on the Clayton Street Corridor, North Shields Town Centre and Berwick-upon-Tweed. These Zones will provide support to hundreds of businesses, with activities including developing affordable workspace for cultural and creative organisations, business support, skills development and community engagement.
- **£6m** to deliver an ambitious Towns and High Streets Innovation programme – supporting the development of long-term strategic plans, testing new approaches and delivery models, assisting local traders and helping bring empty buildings back into a range of uses.
- **£8m** of further investment from Government into the NTCA's Brownfield Housing Programme, taking the overall programme to £32m.
- **£2.6m** of skills funding aligned to growth sectors. The Tech Talent Hub is set to deliver industry-led training courses to help 120 residents access tech and digital careers; the Energy Central Learning Hub will provide a state-of-the-art learning environment for opportunities in the offshore sector and is being developed with the support of leading employers including JDR Cables, British Volt, EDF and Equinor.
- **£374,816** to scale-up existing engagement work with local communities and building on previous successful Crowdfunding initiatives to co-invest in projects alongside local communities.
- **£82,000** of business case development funding for Northumbria Healthcare Trust, enabling it to use the health (internal) market to drive innovation, product development and new jobs, whilst reducing carbon emissions.
- Cabinet is asked to approve the procurement of an equity fund manager to deliver and leverage the NTCA's **£10m** investment in early-stage innovation.

These projects build on previous Investment Fund commitments of **£82.9m**, which are expected to create **4530 jobs**, almost half the NTCA's 30-year target. Over 819 of these jobs have already been established, while an additional 207 'kickstart' job placements for young people have been filled and 50 organisations have signed up to the NTCA's Good Work Pledge. The Investment Fund is also supporting longer-term growth through supporting infrastructure, innovation and skills.

## Recommendations

Cabinet is recommended to:

1. Note progress to date on the Investment Fund, achievement of key milestones and ongoing project development work, particularly in respect of the creation of new jobs for residents as a direct result of our investments.
2. Approve £1.3m of funding for the North of Tyne Innovation Recovery Grant (Phase 2), where the lead delivery partner is Northumberland Business Services Ltd.
3. Approve the overall approach to Culture and Creative Zones and an allocation of £5.235m until March 2028, which incorporates the £1.5m already allocated until March 2023 and includes the following projects:
  - a. approve £1.695m of funding for North Shields Cultural Quarter, which will be led by North Tyneside City Council.
  - b. approve £1.7m of funding for Newcastle Culture and Creative Zone – Clayton Street Corridor, which will be led by Newcastle City Council.
  - c. delegate authority to the Managing Director, in consultation with the Mayor, appropriate Cabinet Member and Investment Panel, to approve funding for the Berwick Culture and Creative proposal led by Northumberland County Council, subject to satisfactory completion of a full business case.
  - d. delegate authority to the Managing Director to approve relevant programme-level expenditure relating to Culture and Creative Zone programme.
4. Approve £6million of funding for the Towns and High Streets Innovation Programme, which will be delivered by the North of Tyne Combined Authority and Local Authorities, and delegate authority to the Managing Director to agree delivery arrangements for up to £1.9million to each Local Authority and the remainder to be retained by the NTCA for area-wide activities and programme co-ordination.
5. Note that the NTCA has received an additional £8 million of Brownfield Housing Funding from Government and to delegate authority to the Managing Director and the Interim Monitoring Officer to enter into an agreement with DLUHC for this funding. Delegating approval to the Managing Director, in consultation with the Mayor, appropriate Cabinet Member and Investment Panel to make subsequent project approvals, subject to satisfactory completion of full business cases.
6. Approve £374,816 of funding for Community Engagement Platform Development, which will be led by the NTCA.
7. Approve £82,000 of business case development funding for Northumbria Healthcare Trust to further develop their Innovation Hub.
8. Authorise the Managing Director to finalise the conditions to be attached to the above funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation.
9. Agree to commence a procurement exercise to identify an equity fund manager and delegate authority to the Managing Director, in consultation with the Chief Finance Officer and Interim Monitoring Officer, to award the contract in accordance with Contract Standing Orders.

### **1. Background Information, Proposals and Timetable for Implementation**

#### **1.1 Background Information**

- 1.1.1 At the time of writing this report, the latest economic data showed that the economy grew by 0.9% in January 2022, more than reversing the Omicron-caused contraction in December. The economy has now grown back to its pre-pandemic levels. Although the unemployment rate has yet to return to its pre-pandemic levels, there are 11,000 fewer residents claiming benefits than at the peak of the pandemic. And, at 4.6%, the proportion of people claiming benefits across the NTCA is only marginally above the national average (4.4%).
- 1.1.2 For most households, the cost-of-living crisis means that they will see their household spending power fall over the remainder of 2022. Wage growth is likely to be more than offset by the impact of the increase in National Insurance contributions, much higher energy prices and with many other

costs rising as a result of the crisis in Ukraine. It is expected that households' average energy bills will increase by £700 or more when the energy price cap is lifted in April and the Resolution Foundation estimates that the poorest third of households will spend at least 10 per cent of their budgets on energy bills alone.<sup>1</sup> Although energy price inflation is a global challenge, the Combined Authority is supporting growth of the offshore wind energy sector and developing proposals to increase the energy efficiency of housing.

1.1.3 Against this backdrop, the Combined Authority continues to invest to support the economic economy, alongside the wider opportunities articulated in the Devolution Deal and the Corporate Plan. Investments by the NTCA so far are forecast to create over 4500 jobs, with 819 jobs already secured. This report:

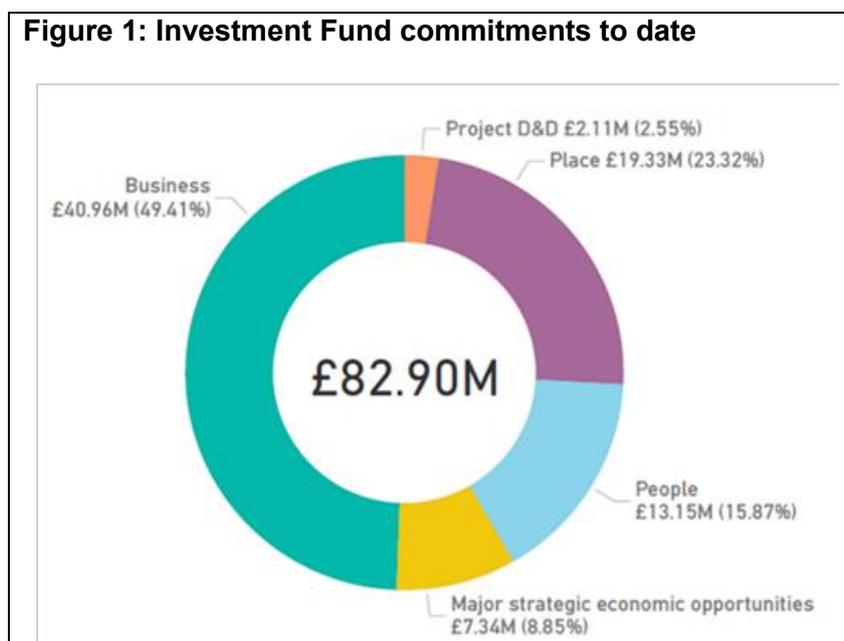
- brings forward proposals for supporting innovation in SMEs, the Cultural and Creative sector and in planning a successful future for Towns and High Streets.
- highlights that the NTCA has also been successful in attracting a further £8m of funding to bring forward housing on brownfield land
- describes investment in developing the Tech talent pipeline and in creating a new training facility at Blyth, aligning investment in jobs with investment in skills and communities.

## 1.2 Investment Fund progress to date

1.2.1 Delivery of the Investment Fund Programme continues, with 96 projects now approved. To date, the Combined Authority has achieved:

- A contracted spend of £82.9m against 96 investment fund projects – out of a total programme value of £90m to March 2023 (figure 1)
- In addition, 6 brownfield housing schemes have been supported, with a total NTCA contribution of £12.51m. This will unlock 1298 housing units and remediate 25 hectares of Brownfield Land.
- Together, these projects have secured £282m of private sector leverage and are forecast to deliver 4530 new jobs and safeguard a further 2679.
- Of these, the first 819 new jobs have been confirmed as created as a direct result of NTCA investment; 1773 have been confirmed as safeguarded.

**Figure 1: Investment Fund commitments to date**



<sup>1</sup> <https://www.resolutionfoundation.org/comment/spiralling-energy-prices-will-turn-the-uks-cost-of-living-crisis-into-a-catastrophe/>

### 1.3 North of Tyne Innovation Recovery Grant

|                                      |                                                                                  |
|--------------------------------------|----------------------------------------------------------------------------------|
| <b>Proposal Name</b>                 | North of Tyne Innovation Recovery Grant (Phase 2)                                |
| <b>Lead Organisation</b>             | Northumberland Business Services Ltd (NBSL)                                      |
| <b>Delivery Areas</b>                | Across the whole North of Tyne                                                   |
| <b>Timescales</b>                    | May 2021 – March 2023 (delivery completion) and June 2023 (financial completion) |
| <b>Project Value</b>                 | £2,340,000 – taking total for both phases to £5,040,000                          |
| <b>Grant / Loan amount requested</b> | £1,300,000 – taking total for both phases to £2,800,000                          |
| <b>NTCA Budget Implications:</b>     | This project forms part of the £10m Innovation Recovery Fund                     |

- 1.3.1 In March 2021, Cabinet agreed an allocation of up to £3m to support business innovation, with a first phase of £1.5m and objectives to:
- Reduce the cost to businesses of undertaking adaptation/innovation, encouraging business investment
  - Support the safeguarding and creation of jobs
  - Align with NTCA’s inclusive economy focus and approach
- 1.3.2 To date, the programme has achieved strong demand, with 129 businesses already having been awarded funding – ahead of the anticipated profile and with job outcomes also ahead of target. The programme has enabled businesses to increase productivity, improve efficiency, provide a better customer service and develop new processes. Grants have been awarded to support a range of activities including: the design and development of bespoke software to track manufacturing processes; the use of QR codes to improve assembly project; the digitisation of activities and the purchase of new equipment to reduce the reliance on imported products.
- 1.3.3 In February, Investment Panel considered a proposal to deliver a second phase of this project, recommending it to Cabinet for approval, subject to the funding conditions highlighted in Appendix 1. This second phase will support at least 130 new businesses, delivering an additional 65 jobs, whilst safeguarding a further 130 positions.

### 1.4 Culture and Creative Zones

- 1.4.1 NTCA’s Culture and Creative Zone Programme is a place-based approach to investing in the development, sustainability and growth of the culture and creative sector. The Zones will provide a supportive and attractive environment for creative and cultural businesses and people to locate, start-up, grow, and flourish. They will also provide stability and continuity for the sector, focusing on building commercial confidence and resilience whilst over time positioning the North of Tyne area as a leading UK location for culture and creative sector growth. The Zones include investment in a range of activities and interventions including affordable workspace for cultural and creative organisations; business support; skills development; and community engagement. The approach has been developed with strong partner involvement and supported by a Regional Culture and Creative Stakeholder Group, chaired by Professor Andrew Wathey, Vice Chancellor of Northumbria University. Both Universities and regional partners are committed to play a major role in the Zones’ future success. There is also considerable national interest in the development of these Zones and the North of Tyne approach has been identified as an example of best practice across the North by the NP11 business group.
- 1.4.2 The support available through each local Zone will not be exclusive only to people and businesses physically located within the zone geography. As well as providing workspace in a defined geographic area of each town / city, each zone will also provide a visible ‘access point’ through

which people and businesses working in the culture and creative sector anywhere in the North of Tyne area can access collaboration opportunities and support.

- 1.4.3 As discussed further below, the first two projects have been reviewed by Investment Panel, who recommended them to Cabinet for approval, subject to the funding conditions set out in Appendix 1. The third proposal – focused on Berwick-upon-Tweed – is also at an advanced stage of development. Common underlying themes – including skills and talent development, commercialisation of creative content, profile raising of the zones and the sector, and evaluation – will be undertaken at an NTCA-wide geography. These common themes will be funded through a £230K cross zone budget, whilst also drawing in resources from other NTCA and national programmes.

|                                  |                                                                                                                                                                                                               |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proposal Name</b>             | Newcastle Culture and Creative Zone – Clayton Street Corridor                                                                                                                                                 |
| <b>Lead Organisation</b>         | Newcastle City Council                                                                                                                                                                                        |
| <b>Delivery Areas</b>            | Newcastle                                                                                                                                                                                                     |
| <b>Timescales</b>                | April 2022 – March 2027                                                                                                                                                                                       |
| <b>Project Value</b>             | £1,879,764                                                                                                                                                                                                    |
| <b>Grant amount requested</b>    | £1,700,000                                                                                                                                                                                                    |
| <b>NTCA Budget Implications:</b> | Cabinet is asked to allocate £5.3m for Culture & Creative Zone until March 2028, which incorporates the £1.5m already allocated as part of the North of Tyne Culture and Creative Programme until March 2023. |

- 1.4.4 This project will be located with the Clayton Street Corridor, which is the spine of the Newcastle city centre conservation area. Currently characterised by underused listed buildings and heritage assets but surrounded by a wealth of well-established cultural and creative organisations and with excellent communication and public transport links; the area has the potential to become an important destination to develop a creative career.
- 1.4.5 Newcastle’s Zone will be a vibrant, distinctive creative hub in the heart of Newcastle city centre providing the workspace, skills, and business opportunities needed to grow a thriving creative industries cluster, retaining local talent and attracting investment and jobs to the region. The project will also amplify the impact of other major investments in the Clayton Street area of the city centre, including the regeneration of the Grainger Market.
- 1.4.6 There is also an opportunity to align with the development of a new Centre for Writing led by New Writing North which would act as a focal point for the production of world class written content, providing collaborative workspace and programmes bringing together young people and freelancers, with leading UK and international commissioners in publishing, media, film, TV and digital who are committed to invest in Newcastle.
- 1.4.7 The opportunities available in the Zone will address the needs of existing cultural operators; attract and retain new talent; facilitate the development of a diverse and highly skilled creative workforce for the future; and catalyse the growth of the cultural economy and the wider economy of the city. It will also create a distinctive new cultural destination for participants, residents and visitors. The project will work with 187 businesses and 478 residents, supporting 29 direct jobs and 51 indirect jobs.

|                                  |                                                                                                                                                                                                               |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proposal Name</b>             | North Shields Cultural Quarter                                                                                                                                                                                |
| <b>Lead Organisation</b>         | North Tyneside Council                                                                                                                                                                                        |
| <b>Delivery Areas</b>            | North Shields                                                                                                                                                                                                 |
| <b>Timescales</b>                | April 2022 – March 2027                                                                                                                                                                                       |
| <b>Project Value</b>             | £1,911,000                                                                                                                                                                                                    |
| <b>Grant amount requested</b>    | £1,695,000                                                                                                                                                                                                    |
| <b>NTCA Budget Implications:</b> | Cabinet is asked to allocate £5.3m for Culture & Creative Zone until March 2028, which incorporates the £1.5m already allocated as part of the North of Tyne Culture and Creative Programme until March 2023. |

- 1.4.8 Building on the ambition for a place-based approach to investing in the development, sustainability and growth of the culture and creative sector set out in the North Shields Masterplan, this proposal will establish a Cultural and Creative Zone in North Shields which will be known as North Shields Cultural Quarter.
- 1.4.9 The North Shields Cultural Quarter will be located in and around Howard Street and Saville Street, in the heart of North Shields, creating a ‘cultural corridor’ and stronger connections between the town centre and the Fish Quay. The heart of the Cultural Quarter will be the cluster of buildings at the crossroads of Howard Street and Saville Street, including The Exchange, the Globe Gallery, the Business Centre (Saville Exchange), and the North Shields Customer First Centre.
- 1.4.10 Providing the opportunity to stimulate the economy in North Shields town centre, this ‘cultural corridor’ will play a pivotal role in reinvigorating the place and creating social and economic benefits for the people who live, work and visit there - building social inclusion and helping to create a sense of pride.
- 1.4.11 The focus of the proposal is predominantly within the music, performance and visual arts sub-sector and project delivery is broken down into 5 work packages of Place; Business Support; Skills; Promotion; and Community Engagement. The project will support 295 enterprises and work with 600 residents, creating 51 jobs.

## 1.5 Towns and High Streets Innovation Programme

|                                      |                                                                                                               |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Proposal Name</b>                 | Towns and High Streets Innovation Programme                                                                   |
| <b>Lead Organisation</b>             | North of Tyne Combined Authority & Local Authorities                                                          |
| <b>Delivery Areas</b>                | Towns and High Streets across all 3 local authority areas                                                     |
| <b>Timescales</b>                    | March 2022 – March 2024                                                                                       |
| <b>Project Value</b>                 | £6 million                                                                                                    |
| <b>Grant / Loan amount requested</b> | £6 million                                                                                                    |
| <b>NTCA Budget Implications:</b>     | This project is funded through the £6m allocated to place innovation in the March 2021 Investment Fund Report |

- 1.5.1 The Towns and High Streets Innovation Programme has a focus on achieving lasting transformational change by supporting the development of long-term investment proposals and testing new approaches to high street re-purposing at scale within focused areas. It will provide investment for one Town and/or High Street area per Local Authority area.
- 1.5.2 The overall objectives of the programme are increasing footfall, supporting new uses for buildings, helping local businesses to grow and create jobs, and encouraging follow-on investment from the

private sector and Government. The Programme will create/safeguard 220 jobs, with the full set of detailed outputs agreed as part of the Delivery Plan process.

- 1.5.3 The programme incorporates both the High Streets Challenge Fund that went to Cabinet in November 2021 and the Recovery Innovation Programme which also went to Cabinet in 2021. The programme has been based on best practice, as set out in reviews by Bill Grimsey (2013 and 2018), and further developed in the recent Government strategy: “Building Back Better High Streets”. The programme also aligns with one of the objectives of the forthcoming Shared Prosperity Fund, which may provide opportunities for further investment.
- 1.5.4 The focus of the approach is on:
- i. *Leadership and partnership* - developing a compelling shared vision for the future, with strong strategic leadership to make the vision a reality.
  - ii. *Investing in a model for change* - developing and testing new models for sustainable high street transformation, learning from evidence of what is working in other areas, while capitalising on the distinctive strengths and opportunities of each individual high street.
  - iii. *Stimulating long-term investment* - transformational change in high streets requires very substantial investment, with the private and public sectors working closely in tandem to provide the resources needed to deliver the future vision in each target high street.
- 1.5.5 The type of interventions the programme will support include:
- *Development of a long-term vision and strategic plans* for re-purposing and investment for the three high streets / town centres.
  - *Business case development* for specific projects (e.g. permanent repurposing of buildings and unused spaces; creating green / public spaces; connectivity between high streets and local communities).
  - *Testing new approaches to high street re-purposing and business adaptation*, delivered at scale in target areas alongside a small number of pilots providing a short-term boost to high street vibrancy (e.g. pop-up activities, events) may also be supported.
  - *Business advice and support* - Focused on business adaptation, innovation, sustainability and growth in response to pandemic recovery and wider changes (e.g. high street decline, changing consumer trends).
  - *Infrastructure improvements* - Capital investment in buildings to enable empty buildings to be brought back into a range of uses, including retail, business cultural and community uses.
- 1.5.6 Programme delivery will be a joint initiative between NTCA and the three local authorities, with an overarching framework setting out common objectives, eligible activities, and a consistent approach to management and governance. This is supported by local delivery plans, which will be developed and implemented by the three local authorities. Outcomes from the programme will be tested through a robust process of evaluation, producing a strong evidence base to guide future activities. In total, £1.9million will be devolved to each Local Authority and £300k will be retained by the NTCA for area-wide activities and programme co-ordination.
- 1.5.7 Following an external appraisal of the business case, Investment Panel considered this project at their 17 March 2022 meeting, recommending it to Cabinet for approval subject to the funding conditions highlighted in Appendix 1.

## **1.6 North of Tyne Brownfield Housing Fund**

- 1.6.1 The North of Tyne Combined Authority was awarded £23 million of funding from the government’s Brownfield Housing Fund in June 2020. The funding was allocated to accelerate the development of stalled brownfield housing sites to unlock between 1,500 and 2,500 new homes by March 2025. Following publication of the Levelling Up White Paper, an additional £8 million of Brownfield Housing Funding has been allocated to the North of Tyne Combined Authority to unlock a further 520 new homes. The additional allocation is subject to the same criteria and timescales as the original funding.

1.6.2 The NTCA has worked closely with its Local Authority partners, Registered Social Housing Providers and developers to identify a pipeline of brownfield housing schemes that meet the criteria of the fund. The original pipeline of projects amounted to £26 million although – as is normal – not all projects have progressed due to issues including site viability and absence of planning permission. A call for additional schemes was undertaken in summer 2021 and a detailed process of assessment and project development of these potential projects is under way. To ensure that the Brownfield Housing Fund programme achieves its objectives, schemes have been invited to submit a full business case by the end of June 2022.

## **1.7 Skills for Growth: Tech Talent Hub and Energy Central Learning Hub**

1.7.1 Good progress is being made on the NTCA's 'Skills for growth' programme, with the 17 March Investment Panel meeting recommending two projects for approval.

1.7.2 The Tech Talent Hub will deliver industry led training courses to help residents access tech and digital careers. These will be developed based on industry need, with a guaranteed interview on completion. The project will be delivered by staff from Digital Catapult North East & Tees Valley, DXC Technology, Education Partnership Northeast and Gateshead College – all of whom have experience in delivering programmes outside of the mainstream Further Education offer. In total, about 120 residents will receive skills training, with NTCA providing £377,592 towards a total project cost of £629,320.

1.7.3 The project is designed to grow the local talent pipeline, supporting NTCA area residents to quickly learn industry needed skills. It supports the wider Digital Growth and Innovation activities by creating a pool of industry ready works to support current and future needs of tech employers. The project complements other digital skills activity funded by the NTCA, including the Adult Education Budget and the Talent Engine programmes.

1.7.4 The Energy Central Learning Hub has also been developed to support growth in one of the area's leading economic opportunities – in this case the offshore and subsea sector. The Hub will provide a state-of-the-art learning environment, located in the heart of a thriving green energy industrial cluster in Blyth. It will be available for use by the wider FE and HE provider base across the North of Tyne area to engage and support employers and learners. The facility will be built on a brownfield site, adjacent to and connected to the existing Port Training Services facility, creating 2,396 sqm of new learning and skills space. The total project cost is £9m and the NTCA will contribute funding of £2m.

1.7.5 The building will include:

- Dedicated space for the provision of vocational training for adults and young people and short modular courses to enable the existing workforce to update / adapt their current skills, aligned to the skills needs of clean energy employers. This will include specialist electrical and mechanical training facilities alongside a digital skills training suite.
- Space utilised to raise awareness of and engagement in STEM-based careers and deliver STEM activities and education programmes.
- Clean energy exhibition visitor space to showcase clean energy industries and jobs to residents of the North East.
- Conferencing, events space and a lecture theatre to encourage collaboration between employers, education institutions and research facilities.

1.7.6 Leading employers across the sector including JDR Cables, British Volt, EDF, Equinor, SMD, TEXO, Pharos Offshore and others have confirmed their commitment to the project. British Volt and JDR cables are forecasting an employment and associated training and skills demand of around 6000 direct and supply chain jobs in the locality over the next 5 years.

## 1.8 Community Engagement Platform Development

|                                  |                                                                                                                                            |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proposal Name</b>             | Community Engagement Platform Development                                                                                                  |
| <b>Lead Organisation</b>         | NTCA                                                                                                                                       |
| <b>Delivery Areas</b>            | North of Tyne-wide                                                                                                                         |
| <b>Timescales</b>                | April 2022 – June 2025                                                                                                                     |
| <b>Project Value</b>             | £524,816                                                                                                                                   |
| <b>Grant amount requested</b>    | £374, 816                                                                                                                                  |
| <b>NTCA Budget Implications:</b> | This project will be funded from the Inclusive Economy Innovation Fund workstream of the NTCA Investment Plan of which £1,694,153 remains. |

- 1.8.1 This project will consolidate NTCA’s digital engagement strategy and support an estimated 80 community groups with small grants to deliver local economic resilience.
- 1.8.2 Recent research by NTCA found that 66% of North of Tyne residents surveyed said that having a voice in decisions that affected their communities was important to them. NTCA currently addresses this via several engagement platforms: our Next Door account reaches 87,513 members across 290 neighbourhoods in the North of Tyne. We also have 2,800 Facebook followers and 3,927 Twitter followers. But, as we serve over 800,000 residents, there is significant potential to expand this reach.
- 1.8.3 The main activities of this programme will be to:
- Scale-up existing engagement work via mainstream platforms (e.g. Linked In, Twitter and Facebook) and explore new consultation and engagement channels, including Next Door and Commonplace.
  - Build on the successful Crowdfund North of Tyne small grants pilot to offer investment of £3k - £30k to community groups (and individuals at no more than £1k) which can ‘crowdfund’ proportions of project costs from new and untapped sources of income.
- 1.8.4 This project will provide three main benefits in line with NTCA’s Corporate Plan and vision for a Zero Carbon, Zero Poverty future:
- i. Increase engagement with our 800,000+ residents: Community Engagement Platform Development puts NTCA’s commitment to the principles of co-design and co-production into practice by encouraging local people and groups to hear NTCA’s core messages and inform and shape our plans.
  - ii. Unlock new forms of investment: Crowdfunding works by encouraging projects to raise a proportion of their funding via direct donations from local people, groups and businesses. In our proto-type phase Crowdfund North of Tyne has successfully unlocked £49,859 of additional funding, at an average leverage rate of 43%, with donations ranging from £2 to £1,260.
  - iii. Support local economic resilience: By encouraging local activities via local organisations attracting, and therefore retaining local spend. National funder Power to Changes’ research has found that community-owned organisations contribute £220m to the UK economy: 56p of every £1 they spend stays in the local economy, compared with just 40p for large private sector firms.
- 1.8.5 The project will also deliver additional social value benefits forecast to be: 80 enterprises receiving support; 80 enterprises benefitting from financial support; 240 enterprises benefitting from non-financial support; and around 2,000 people participating in events and activities.

## 1.9 Northumbria Healthcare NHS Foundation Trust

|                                      |                                                 |
|--------------------------------------|-------------------------------------------------|
| <b>Proposal Name</b>                 | Northumbria Healthcare NHS Trust Innovation Hub |
| <b>Lead Organisation</b>             | Northumbria Healthcare NHS Trust                |
| <b>Delivery Areas</b>                | Northumberland                                  |
| <b>Timescales</b>                    | April 2022 – June 2022                          |
| <b>Project Value</b>                 | £102,500                                        |
| <b>Grant / Loan amount requested</b> | £82,000                                         |
| <b>NTCA Budget Implications:</b>     | £82,000                                         |

- 1.9.1 Northumbria NHS Foundation Trust commenced manufacturing of domestic personal protective equipment (PPE) – including scrubs, isolation gowns, masks -- to support the Trust’s PPE requirements during the initial stages of the Covid pandemic. This process was completely new to the Trust who developed an innovative approach to address a significant concern during unprecedented times for the health care sector. This has reduced the reliance on imported PPE, saving money for the Trust and boosting future resilience.
- 1.9.2 The Trust is also considering other opportunities for health-driven innovation at their Manufacturing and Innovation hub at Seaton Delaval. To address the rising costs of laundry (20% over the last 4 years), reduce carbon emissions and improve water management, they have developed outline plans to establish an in-house state of the art laundry facility using existing space on site and through the construction of additional space (total circa 70,000sq ft). This will service healthcare items from the Trust’s hospital sites across Northumberland and North Tyneside, with the potential to service other Trust sites over a much wider geography, including outside the NE. If implemented, the proposal has the opportunity to create at least 70 jobs, reduce carbon emissions and unlock other opportunities, including the recycling of PPE and other hospital items.
- 1.9.3 In March, Investment Panel reviewed this proposal for business case development funding, recommending it to Cabinet for approval.

## 1.10 Funding for SMEs, social enterprises and for improving innovation - progress update

- 1.10.1 In September 2021, NTCA Cabinet approved an allocation of £15m to improve access to finance for SMEs and socially trading organisations, enabling our economy to grow, renew, innovate and create and sustain good jobs and services.
- 1.10.2 The report set out a series of proposals for NTCA to invest, further strengthen outcomes and encourage the recycling of regional wealth into local funds and businesses. The proposals agreed were:
- £900k to improve ecosystem coordination, maximise take-up of existing finance on offer and improve investor readiness.
  - £10m for equity investment, including through seeding or investment in new or existing Venture Funds, with the objective of improving finance for high growth potential organisations based in the North of Tyne.
  - £4m to establish a social finance fund with the aim of filling gaps in the finance market, including loan and equity, for socially trading and or employee-owned businesses operating in our key sectors.

- £100k to commission advice on how NTCA and wider stakeholders can improve the flow of local capital into existing or new regional funds and vehicles, retaining regional wealth in our access to finance ecosystem and boosting investment in our key objectives of innovation, growth, and transition to net-zero.

1.10.3 Good progress is being made in mobilising this programme since its approval by Cabinet, overseen by the Chief Finance Officer and Managing Director and with ongoing input from the Local Authority Financial and Economic Directors. Responses to a four-week market engagement exercise via the NEPO portal, ending on 14 January this year, have further validated the strategic case for intervention by NTCA. The key progress includes:

- An open call for proposals is to be launched in March to find a delivery partner to provide high-quality support to businesses keen to access new forms of finance
- The NTCA has concluded that the NTCA's £10m equity investment allocation should be used alongside private sector finance to unlock investment in early-stage innovative companies. Cabinet is asked to formally approve the launch of a procurement exercise to identify an equity fund manager able to deliver this fund.
- The NTCA has recently launched a Strategic Partnership with Power to Change, a nationally recognised leader in community based and socially trading organisation development, to support and grow the social economy in the North of Tyne. Together with Newcastle University, this Partnership has launched a Call for Evidence into the current state and scale of the social economy, including overall levels of activity and innovation, barriers to growth and appetite/demand for social finance

## 2. Potential Impact on Objectives

2.1 Programme delivery as described in the report is consistent with the priorities set out in NTCA's corporate plan.

## 3. Key Risks

3.1 Programme risks are managed in line with agreed processes and individual project risks have been considered as part of the application and appraisal process.

## 4. Financial and Other Resources Implications

4.1 This paper describes projects amounting to approximately £15.6m of NTCA funding. The financial implications of the Skills for Growth programmes will be considered by delegated decision whilst the financial implications of the £6m Towns and High Streets Programme will be confirmed during assessment of the delivery plans. The funding profiles of the Innovation Grants, Culture and Creative Zones and Community Engagement Platform Projects are as follows:

| <b>Phase 2 of Innovation Grants programme</b> |                |                  |                  |
|-----------------------------------------------|----------------|------------------|------------------|
|                                               | <b>2021/22</b> | <b>2022/23</b>   | <b>Total</b>     |
| NTCA Investment Fund                          | 0              | 1,300,000        | 1,300,000        |
| Recipient match funding                       | 0              | 1,040,000        | 1,040,000        |
| <b>Total</b>                                  | <b>0</b>       | <b>2,340,000</b> | <b>2,340,000</b> |

| <b>Culture and Creative Zones</b> |                   |                   |                 |                 |                 |                   |
|-----------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-------------------|
|                                   | <b>2022/23</b>    | <b>2023/24</b>    | <b>2024/25</b>  | <b>2025/26</b>  | <b>2026/27</b>  | <b>Total</b>      |
| Newcastle                         | £500,000          | £313,001          | £251,253        | £332,873        | £302,873        | £1,700,000        |
| North Tyneside                    | £482,000          | £637,000          | £197,000        | £187,000        | £192,000        | £1,695,000        |
| Northumberland                    | £312,500          | £500,000          | £500,000        | £200,000        | £187,500        | £1,700,000        |
| North of Tyne<br>Wide activity    | £70,000           | £30,000           | £50,000         | £30,000         | £50,000         | £230,000          |
| <b>TOTAL</b>                      | <b>£1,364,500</b> | <b>£1,480,001</b> | <b>£998,253</b> | <b>£749,873</b> | <b>£732,373</b> | <b>£5,235,000</b> |

| <b>Community Engagement Platform</b> |                 |                 |                 |                |                 |
|--------------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|
|                                      | <b>2022/23</b>  | <b>2023/24</b>  | <b>2024/25</b>  | <b>2025/26</b> | <b>Total</b>    |
| NTCA Investment Fund                 | £103,272        | £153,544        | £98,000         | £20,000        | £374,816        |
| Match Funding – Programme Reserve    | £25,000         | £50,000         | £50,000         | £25,000        | £150,000        |
| <b>Total</b>                         | <b>£128,272</b> | <b>£203,544</b> | <b>£148,000</b> | <b>£45,000</b> | <b>£524,816</b> |

## 5. Legal Implications

5.1 The Interim Monitoring Officer's comments have been included in this report.

## 6. Equalities Implications

6.1 The NTCA seeks to actively narrow inequality under the terms of the Equality Act 2010 and we will undertake an equality impact assessment for all funding requests, in accordance with the agreed process.

## 7. Inclusive Economy Implications

7.1 The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria. The activity described within this report is considered to positively support the Inclusive economy priorities of the Combined Authority, particularly by supporting the development of a Poverty Truth Commission.

## 8. Climate Change Implications

8.1 Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate

change priorities of the Combined Authority, particularly by supporting the development of local supply chains.

## **9. Consultation and Engagement**

9.1 Stakeholders have been fully engaged in the development of project proposals and, as far as possible, wider engagement has been sought in the development of the programme.

## **10. Appendices**

Appendix 1: Proposed Conditions of Funding

## **11. Background Papers**

None

## **12. Contact Officers**

Rob Hamilton, Chief Economist

[Rob.hamilton@northoftyne-ca.gov.uk](mailto:Rob.hamilton@northoftyne-ca.gov.uk) Tel: 0191 277 8947

Chrisi Page, North of Tyne Investment Programme Manager

[Chrisi.page@northoftyne-ca.gov.uk](mailto:Chrisi.page@northoftyne-ca.gov.uk) Tel: 07977 51755

## **13. Glossary**

|       |                                                                                        |
|-------|----------------------------------------------------------------------------------------|
| NTCA  | North of Tyne Combined Authority                                                       |
| SME   | Small to Medium Enterprise                                                             |
| NP11  | Organisation which represents the business-led voice for the Northern Powerhouse area. |
| DLUHC | Department for Levelling Up, Housing and Communities                                   |

## Proposed Conditions of Funding

## 1. Culture and creative zones

**Newcastle Culture and Creative Zone – Clayton Street Corridor**

| No. | Condition                                                                                                                                                                 |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Applicant to notify the North of Tyne Combined Authority of any additional funding secured to complement the Clayton Street Corridor Culture and Creative Zone programme. |

**North Shields Cultural Quarter**

| No. | Condition                                                                                                                                                                      |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | The applicant to provide assurance that any capital cost escalation will be underwritten to allow the completion of the Exchange Building should costs increase beyond budget. |
| 2   | The applicant to retain ownership of the Exchange Building and the digital infrastructure for a reasonable period after the outputs have been achieved.                        |

## 2. Towns and High Streets Innovation Programme

| No. | Condition                                                                                                                                                                                                                                       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Submission by each Local Authority of a Delivery Plan, which would be subject to Delegated Decision by the Managing Director, following a process of internal assessment and then consideration by Technical Officers Group.                    |
| 2   | Funding for Year 1 will be provided in advance to each Local Authority once the Delivery Plan has been approved.                                                                                                                                |
| 3   | Funding for Year 2 is subject to approval by the Managing Director, following the production of an internal audit report produced by each Local Authority which would be assessed internally and then consideration by Technical Officers Group |

## 3. Northumbria Healthcare Trust

| No. | Condition                                                        |
|-----|------------------------------------------------------------------|
| 1   | Applicant to provide evidence of feasibility study on completion |

## 4. Community Engagement Platform Development

| No. | Condition                                                                                                                                                                                                                                                                                                                                                                   |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | The project will monitor outputs in line with NTCA's outputs guidance and social value policy. Measures will be put in place to ensure the provider of the crowdfunding platform assesses the ability of projects to capture and verify output information. All outputs able to be verified will be captured and treated as additional benefits and reported on in arrears. |