



North East Combined Authority

**DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND**

## Leadership Board

Tuesday 4 April 2023 at 2.00pm

Meeting to be held at: Saltwell Room, Gateshead Civic Centre, NE8 1HH

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# AGENDA

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	Page No
<b>1. Apologies for Absence (Members)</b>	
<b>2. Declarations of Interest</b>	
Please remember to declare any personal interest where appropriate. Please also remember to leave the meeting where any personal interest requires this.	
<b>3. Minutes of the Previous Meeting held on 24 January 2023</b>	<b>1-8</b>
For approval as a correct record.	
<b>4. Announcements from the Chair and/or the Head of Paid Service</b>	
<b>5. Chair's Thematic Portfolio Update (Verbal Item)</b>	
<b>6. Economic Development and Digital Thematic Portfolio Update</b>	<b>9-18</b>
<b>7. Transport Thematic Portfolio Update</b>	<b>19-26</b>
<b>8. Finance, Skills and Employability Thematic Portfolio Update</b>	<b>27-35</b>

9. **Date and Time of Next Meeting:** 6 June 2023 at 2.00pm.

Contact Officer: Toby Ord Tel: 0191 424 7541  
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### Leadership Board

#### DRAFT MINUTES TO BE APPROVED

24 January 2023

(2.00pm – 2.20pm)

Meeting held at: Committee Room 2, Durham County Hall, DH1 5UL

#### Present:

**Councillors** Miller (Chair), Dixon, Donovan, Hopgood

**Officers** Nicola Robason (Monitoring Officer, NECA), John Hewitt (Chief Executive, Durham County Council), Patrick Melia (Head of Paid Service, NECA), Paul Darby (Chief Finance Officer, NECA), Mike Barker (on behalf of Chief Executive, Gateshead), Gavin Armstrong (Policy and Scrutiny Officer, NECA) and Toby Ord (Strategy and Democratic Services Asst., NECA)

#### 1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Gannon, Jonathan Tew, Lucy Winkell and Sheena Ramsey.

#### 2 DECLARATIONS OF INTEREST

None.

#### 3 MINUTES OF THE PREVIOUS MEETING HELD ON 29 NOVEMBER 2022

The minutes of the previous meeting held on 29 November 2022 were approved as a correct record, though a typo on page four was raised which reads 'land value capture no gauge' which should read 'to gauge' and has been corrected accordingly.

#### 4 ANNOUNCEMENTS FROM THE CHAIR AND/OR HEAD OF PAID SERVICE

None.

## 5 CHAIR'S THEMATIC PORTFOLIO UPDATE (VERBAL ITEM)

Submitted: Report of the Chair (verbal item, not previously circulated nor attached to official minutes).

The Chair delivered his verbal update, providing a brief summary of both local and national events that are of concern to the Combined Authority.

It was noted that the provisional 2023-24 Local Government Finance Settlement was published in the week following up to Christmas and the Chancellor's Autumn Statement in the month prior. Following this, Local Authorities have been working toward setting a balanced budgets which are to be considered within the latter part of the agenda.

The Chair stressed that Local Government services are fundamental throughout the country, and it was relieving to have this formerly recognised within the Autumn Statement. Most funding was said to have been directed toward social care, an unsurprising and much needed commitment due to recent pressures on the sector, though there remains a pressing need to properly reform adult social care funding. Subsequent to this requirement, the Government has introduced the Adult Social Care Precept; allowing Council's who provide social care to adults to increase their share of Council Tax by up to 3%. The Chair stressed that such course of action will only disadvantage households already struggling with the cost of living crisis.

Despite financial concerns, the Chair welcomed the Governments continued commitment to levelling up with regard to recent successes in funding bids; NECA's bid for transport decarbonisation and Gateshead's bid to transform the Quays and The Sage. There was also pleasure in reporting that talks which took place between the Government and the LA7 have been successful and a 'minded to' devolution deal has been approved. The deal would see NECA and NTCA being abolished, replaced by NEMCA – made up of all LA7 constituents. The deal will see additional devolved power and funding provided to the region, enabling the pursuit of the shared ambition of inclusive growth.

### **RESOLVED that: -**

- i. the update be noted.

## ECONOMIC DEVELOPMENT AND DIGITAL THEME UPDATE

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

The Thematic Lead for Economic Development and Digital provided a brief overview of ongoing concerns regarding the regional economy and labour market.

The Board was made aware that the challenges we faced in the previous year remain prevalent; business concerns are ongoing, energy prices continue to increase, and inflation remains stagnant. Businesses are showing nervousness around business energy support; however, the Lloyds Business Barometer has denoted North East businesses as the most confident over future prospects.

Unemployment rates remain largely unchanged over the last quarter, with the North East retaining the lowest employment rate countrywide. Despite this, it was noted that people are leaving the labour market at both a national and regional level due to health related issues. Total pay has increased though inflation has generated a real term pay decrease of 2.7% on average. It was also noted that a concerning pay gap continues to widen between the public and private sector. The Bank of England has forecasted that we are at the beginning of a recession likely to last until Early 2024, projecting a further rise in unemployment levels.

Though successful bids for NECA and its Constituent Authorities were welcomed, other NECA Authorities were left disappointed; the North East was said to have received the lowest share of all regions nationwide, with the South East receiving half of the total allocated for the second round of the Levelling Up Fund. Investment plans have been approved and allocated for 2022/23, though it was noted that the Chancellor has moved away from investment zones, with a new focus on university centred clusters.

The Thematic Lead concluded that it remains clear that ongoing economic challenges and uncertainty will continue into 2023 and it is essential that we support businesses and residents as we can.

### **RESOLVED that: -**

- i. the report be noted.

## 7 TRANSPORT THEMATIC PORTFOLIO UPDATE

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

In absence of the Thematic Lead for Transport, Councillor Donovan agreed to table the report as read, though did note that there is anticipation for decarbonised transport in the NECA region following the successful Levelling Up bid.

### **RESOLVED that: -**

- i. the report be noted.

## 8 FINANCE, SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Finance, Skills and Employability Thematic Lead (previously circulated and copy attached to the official minutes).

Due to illness inhibiting her capacity to deliver, the Thematic Lead for Finance, Skills and Employability agreed to table the report as read.

The Chair and Monitoring Officer thanked Councillor Hopgood for her presence despite said illness.

### **RESOLVED that: -**

- i. the report be noted.

## 9 BUDGET 2023/24 AND MEDIUM-TERM FINANCIAL STRATEGY

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

The Chief Finance Officer provided a brief summary, picking out key points within the budget report which included an updated forecast of the current year as well as a budget for next year and the two years that follow.

Members were made aware that the report contained details on total expenditure against corporate budgets, both for NECA and JTC, as well as the updated forecasts. Net expenditure remains in line with budgets. As for next year's budget, NECA corporate contributions remain at £25,000 per

Constituent Authority and JTC Accountable Body contributions remain at £10,000. Members were reminded that a copy of the JTC Revenue Budget report is appended to the report for further information.

It was noted that NECA corporate reserves are covered, and that the pay policy appended to the report needs to be considered and agreed.

**RESOLVED that: -**

- i. the updated position in terms of forecast of outturn for 2022/23 be noted;
- ii. a budget for 2023/24 for the corporate costs of NECA of £0.797m, with an equal contribution of £25,000 from each of the constituent authorities in NECA to help meet these costs, as set out in section 2.8, be unanimously agreed;
- iii. a budget for 2023/24 in respect of the accountable body role for the JTC in 2023/24 of £0.099m, with equal contributions of £10,000 from the seven local authorities in the JTC area to help meet these costs, as set out in section 2.8, be unanimously agreed;
- iv. the levies as determined by the JTC at its meeting on 17 January 2023 be issued;
- v. arrangements be made to administer payment of a transport revenue grant to Durham County Council for the delivery of transport services in the Durham area and to Nexus for the delivery of transport services in Tyne and Wear as determined by the JTC at its meeting on 17 January 2023;
- vi. the North of Tyne Combined Authority will issue the Transport levies to Newcastle City Council, North Tyneside Council and Northumberland County Council that have been agreed by the JTC and will pass the levy income from Newcastle City Council and North Tyneside Council to NECA in order to meet costs relating to the Tyne and Wear area be noted;
- vii. the North of Tyne Combined Authority will issue the transport revenue grant to Northumberland County Council as agreed by the JTC and make a £10,000 contribution to NECA in respect of Northumberland County Council's contribution to the costs of Transport North East be noted;
- viii. the Chief Finance Officer and the Monitoring Officer are authorised to take such other steps as are necessary to give effect to the proposals in this report;
- ix. the section on the level of reserves set out in section 2.9 to 2.10 be noted;
- x. the Pay Policy Statement for NECA at Appendix 3 be agreed;
- xi. the report be noted.

10      **CAPITAL PROGRAMME 2023/24 AND TREASURY MANAGEMENT POLICY AND STRATEGY**

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

The Chief Finance Officer provided a brief summary of the report which included the initial capital programme for the next municipal year.

Members were made aware that the JTC Capital Transport Programme is appendaged to the report, and the latest forecasts of current year are laid out within. These were said to likely need adjusting as further detail of the aforementioned devolution deal is determined. The report was also said to contain detail of the Treasury Management Strategy along with the indicators that will govern these across the next year. Policies attached to this were said to fully comply with CIPFA's code of practice.

**RESOLVED that: -**

- i. the forecast outturn position for 2022/23 set out in section 2.2 of the report and Appendix 1 be noted;
- ii. the administration of the capital programme approved by the JTC as set out in section 2.2 of the report and Appendix 1 be agreed;
- iii. the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 2, including the Authorised Limit be agreed;
- iv. the Cash Investment Strategy 2022/23 contained in the Treasury Management Strategy within Appendix 2 be agreed;
- v. the report be noted.

11      **NORTH EAST DEVOLUTION – UPDATE**

Submitted: Report of the Monitoring Officer - Core (previously circulated and copy attached to the official minutes).

The Monitoring Officer provided the opportunity for all Members to have their say on the devolution deal set out within the report – as each Cabinet of all respective Constituent Authorities had already viewed and approved of the 'minded to' deal, no further information was required.

It was noted, however, that all changes in law, if agreed, would be published for public consultation following the meeting.



**RESOLVED that: -**

- i. the “minded to” devolution deal as endorsed by all seven Local Authorities (see Appendix 1, Annex A) be noted;
- ii. the findings by the seven Local Authorities of the governance review (see Appendix 1) regarding the proposed creation a new mayoral combined authority for the North East region be noted;
- iii. the process that the seven Local Authorities must now take to progress the necessary statutory procedures, including public consultation be noted;
- iv. the report be noted.

**12 AUDIT COMPLETION REPORT 2021/22**

Submitted: Report of the External Auditor (not previously circulated nor attached to the official minutes due to deferral).

The report of the External Auditors was retracted by the submitter prior to the meeting due to a universal issue surrounding infrastructure which inhibits their ability to formally sign off on the audit.

It was agreed between the External Auditor and the Chief Finance Officer that the report should again be deferred until this issue is resolved.

**RESOLVED that: -**

- i. should the aforementioned issue be resolved in time, the report be delivered to the next meeting.

**13 DATE AND TIME OF NEXT MEETING**

Tuesday 4 April 2023 at 2.00pm.

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Chair – 4 April 2023



### Leadership Board

**Date:** 4 April 2023

**Subject:** Economic Development and Digital Theme Update

**Report of:** Economic Development and Digital Thematic Lead

#### Executive Summary

The purpose of this report is to provide an update on activity and progress made under the Economic Development and Digital (EDD) theme of the North East Combined Authority.

The report provides an update on the economy and labour market across the NECA area (highlighting concerns around slow growth, inflation, business and consumer confidence) and outlines the plans announced by Government in Spring Budget.

#### Recommendations

The Leadership Board is recommended to note the contents of the report.

## Leadership Board

### 1.0 Background Information

1.1 This report provides an update on activity and progress made under the Economic Development and Digital theme of the Combined Authority, specifically:

- Economy and Labour Market;
- Government's Spring Budget.

### 2.0 Economy and labour market

2.1 **The economy in the NECA area continues to be impacted by national factors, particularly still high energy prices, the significant cost of living for residents (particularly food prices) and cost of doing business and the uncertainty over the future economic outlook.**

2.2 Inflation remains the main key issue as identified by the North East Chamber of Commerce's quarterly report, other recent key reports and feedback from the four Local Authorities in the NECA area. Concerns continue around the costs of materials and staff, as do the ongoing difficulties of recruiting (particularly in areas such as social care).

2.3 The UK economy narrowly avoided recession in the last quarter (0% growth in the final quarter of 2022) and grew 0.3% in January. The Bank of England and Office for Budget Responsibility expect growth to be sluggish or negative, resulting in a potential mild recession, this year, albeit a shallower dip than previously forecast.

2.4 Businesses continue to mention energy costs, inflation and staff shortages as drags on growth with concerns around the changes to energy support from April and the rise in Corporation Tax from 19% to 25%.

2.5 The latest North East Chamber of Commerce Quarterly Economic Survey found a mixed picture; energy and inflation impacting upon confidence, but recruitment and investment indicators are more positive.

2.6 Demonstrating the considerable uncertainty, NatWest's regional report suggested there had been a fall in North East business activity in December, but Lloyds reported a rise.

2.7 The latest unemployment data (for February and March) showed positive signs in employment, unemployment and economic inactivity. There are

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clear indicators that employment has edged up recently. Additionally, in other good news, economic inactivity has edged down and unemployment has dropped slightly too.

- 2.8 The unemployment rate for the latest quarter in the North East (to February 2023) dropped slightly, to 4.8%, but still remained the highest of all UK regions. Correspondingly, the headline employment rate also increased to 72.5% (the lowest in the UK, outside of Northern Ireland). On the other hand, economic inactivity dropped slightly by 1 percentage point to 24.4%, slightly lower than other regions in the UK, such as North of Tyne (25.2%), Tees Valley (26.6%) and West Midlands (26.1%). In the NECA area, unemployment rates were as follows:

	NECA	GB Average
Wider measure of unemployment (Sep 22)	4.2%	3.7%
Claimant Count (Feb 23)	4.2%	3.7%
Economic activity (Sep 22)	75.6%	78.4%

- 2.9. Nationally, growth in average total pay (including bonuses) was 5.7% and growth in regular pay (excluding bonuses) was 6.5% among employees in November 2022 to January 2023.
- 2.10 In November 2022 to January 2023, growth in total and regular pay fell on the year by 3.2% for total pay and by 2.4% for regular pay. This still remains among the largest falls in growth since comparable records began in 2001. Average regular pay growth for the private sector was 7.0% in November 2022 to January 2023, and 4.8% for the public sector.
- 2.11 There are signs of uncertainty across all industries, as survey respondents continue to cite economic pressures as a factor in holding back on recruitment. The estimated number of vacancies fell by 51,000 on the quarter to 1,124,000, the eighth rise in a consecutive period .
- 2.12 In addition, the story behind the data continues to be the continued rise in economic inactivity locally, regionally and nationally, driven by those leaving the labour market and not seeking work due to ill-health (now at its highest ever rate nationally with the North East having one of the highest rates). It is also likely to be underestimated.

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2.13 With the Bank of England and OBR predicting a rise in unemployment this year due to recession and high inflation, there are real concerns about the impact of this upon households already feeling pressure from the cost of living crisis and upon businesses struggling to recruit staff in key sectors such as social care and deal with inflation. The future outlook appears uncertain.

### 3.0 **Spring Budget**

3.1 The Chancellor, Jeremy Hunt, unveiled the Spring Budget to the House of Commons on 15<sup>th</sup> March 2023. It aimed to set out a plan to deliver on three of the five key priorities set out by the Prime Minister in January; to half inflation, grow the economy and get debt falling.

3.2 The Budget focussed on three key themes to generate “long-term, sustainable, healthy growth,” specifically:

- Reducing high rates of economic inactivity and boosting the workforce (given over 1 million vacancies in the labour market) through ‘back to work’ measures and supply side reform;
- Incentivising businesses to invest in the UK to reduce stagnant rates of investment and low growth with a focus on key sectors and targeted levelling-up support in particular areas;
- Continuing support on energy bills and measures to tackle the cost of living.

3.3. Key measures included:

- **The extension of Energy Price Guarantee** (at £2,500 for average household) to the end of June;
- **12 Investment Zones announced including in the North East**, to be agreed by the end of the year, with simplified planning and tax and other incentives;
- **South Tyneside named as one of the first new Levelling Up Partnerships** along with 19 others across the UK; Government have stated they will work with local areas to identify the biggest barriers to levelling up and apportion a pot of £400m on a case by case basis;
- **Extension of 30 hours free childcare to 1 and 2 year olds (starting at 9 months)** to start in phases from April 2024 alongside more wraparound school provision;
- **Continued devolution to trailblazer areas** (Greater Manchester and West Midlands) with consolidated, long-term budgets post 2025 and extension of business rates retention;

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- Corporation Tax increasing as planned (from 19% to 25%), **but new corporation tax incentives** to boost business investment following the end of super-deduction;
- **Freeze to the fuel duty levy** (would have risen by 12p per litre in April);
- **End of Work Capability Assessments** from 2027 and review (through a White Paper) of support to help disabled people into work;
- **Further changes to Universal Credit** including further sanctions for those that do not look for work and a focus on help and support for over 50s, as well as occupational health.

3.4 The Statement was set to a backdrop of updated Office for Budget Responsibility (OBR) forecasts. Their updated forecasts are that the UK will not enter recession as previously thought, although growth will only be 0.2% this year, followed by 1.8% next year.

3.5 It is still expected that 2022 and 2023 will see the biggest ever falls in living standards (5.7% over 2 years). As a result, they expect the unemployment rate to rise by less than one percentage point to a peak of 4.4%, while is 0.5% below the November forecast from the OBR.

3.6 The rate of inflation is projected to fall from 10.7% to 2.9% by the end of 2023, while debt remains high (92.4% of GDP) and rising over the next 2 years (to 97%). The OBR predict that the deficit will fall in every year of the forecast and borrowing reducing from 5.1% of GDP to 1.7% 2027-28.

3.7 The main business measures were:

- New investment allowance (known as full expensing) to be introduced (replacing the Super-deduction) so that any investment in IT equipment, plant or machinery can be deducted immediately from profits (in place for 3 years) and thus not be eligible for Corporation Tax.
- For smaller businesses, increase to the Annual Investment Allowance to £1m, meaning 99% of all businesses can deduct the full value of all their investment from that year's taxable profits.
- Introduction of a new tax credit for SMEs that spend 40% of their expenditure on R&D.
- Tax reliefs for film, TV and video gaming are also being extended.

3.8 In regard to the labour market, the measures set out by the Chancellor included the following:

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- Later-life apprenticeships announced; these returner-ships offer existing skills interventions to the over-50s, focussing on flexibility and previous experience to reduce training length. Part of a package for over 50s including Skills Bootcamps and more Sector Based Work Academies.
- Health and Disability White Paper published with a plan for health and disability benefits reform
- This includes claimants having more tailored Work Coach support and being able to try work without fear of losing their benefits; the Work Capability Assessment to be abolished (from 2027) and there will be increased support for the long-term sick and disabled to help them into work. This includes a new programme to match individuals with existing vacancies (supported by ongoing training and workforce support up to value of £4k per year).
- Further sanctions for people on benefits who refuse to look for work, but earnings threshold increasing, from 15 hours per week to 18 hours.
- Midlife MOT tool to be expanded to support individuals with planning for later life.
- Launching a pilot on WorkWell Partnerships that will see integrated work and health hubs, linking Jobcentres, health services and other organisations to provide wraparound health support for jobseekers, benefits claimants and those in work.

### 3.9 In regard to levelling up and infrastructure;

- 12 areas were invited to begin discussions with Government on an Investment Zone with a view to these being agreed by the end of the year. Investment Zones (including the North East) will offer a single businesses locating there a five year tax package (as well as be eligible for grant funding to address local productivity barriers) – a Policy Prospectus has been published.
- Devolution trailblazers; Greater Manchester and West Midlands receiving a single combined budget in the next Spending Review and more scrutiny from panels of local MPs, along with more control over transport, employment, housing, innovation and Net Zero priorities.
- South Tyneside was named by the Chancellor as one of 20 Levelling Up Partnerships – Government are providing £400m to such areas in 2023/24. The Partnerships will use “the collective power of government to provide bespoke place-based regeneration.”
- Intention to expand Business Rate Retention to more local and combined authorities.



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- Levelling Up Fund Round 3 to follow later in the year with £1bn of funding.
- Withdrawal of central support from LEPs from April 2024 subject to consultation.
- £8.8bn for a second round of sustainable transport funding (through City Region Sustainable Transport Fund) from 2027/28 and £200m for potholes.
- £20bn for carbon capture spread over 20 years and creation of new body, Great British Nuclear with a competition around small nuclear reactors.
- New borrowing rates from June 2023 to support Councils bring forward new council housing supply

3.10 Local authorities and NECA are analysing the implications of the raft of announcements.

3.11 In addition and in regard to other funding streams, UK Shared Prosperity Fund budgets were confirmed in the Autumn Statement last November and subsequently Government stated that the £2.6bn three year programme (focussed on Communities and Place, Local Business Support and, in the final year, People and Skills) could commence.

3.12 Local Investment Plans have been approved and funding allocations – at levels previously expected – to NECA local authorities confirmed for 22/23. The four local authorities are working with key projects for this financial year and have recently sent the first monitoring report to Government covering 22/23.

### 4.0 Reasons for the Proposals

This report provides an update on Economic Development and Digital theme.

### 5.0 Alternative Options Available

There are no alternative options associated with this report.

### 6.0 Next Steps and Timetable for Implementation

A further update will be provided to the Board at subsequent meetings.

## Leadership Board

### 7.0 Potential Impact on Objectives

The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

### 8.0 Financial and Other Resources Implications

There are no financial or other resource implications directly associated with this report as it is for information only.

### 9.0 Legal Implications

There are no legal implications arising from this report.

### 10.0 Key Risks

There are no specific risk management issues arising from this report.

### 11.0 Equality and Diversity

There are no specific equality and diversity issues arising from this report.

### 12.0 Crime and Disorder

There are no specific crime and disorder issues arising from this report.

### 13.0 Consultation/Engagement

There are no specific consultation and engagement issues arising from this report.

### 14.0 Other Impact of the Proposals

There are no further impacts arising from the proposals.

### 15.0 Appendices

None

## Leadership Board

### 16.0 Background Papers

None.

### 17.0 Contact Officers

Rory Sherwood-Parkin, Corporate Lead – Policy & Insight, South Tyneside Council, [rory.sherwood-parkin@southtyneside.gov.uk](mailto:rory.sherwood-parkin@southtyneside.gov.uk)

John Scott, Head of Economic Growth, South Tyneside Council  
[john.scott@southtyneside.gov.uk](mailto:john.scott@southtyneside.gov.uk)

### 18.0 Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

### 19.0 Glossary

None.



### Leadership Board

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**Date:** 4 April 2023

**Subject:** Transport Thematic Lead Portfolio Update Report

**Report of:** Thematic Lead For Transport

#### **Executive Summary**

The purpose of this report is to provide an update on various transport matters of relevance to the NECA area.

#### **Recommendations**

The Leadership Board is recommended to note the contents of this report.

## Leadership Board

### 1. Background Information

1.1 This report provides an update on transport issues affecting the NECA area.

#### Buses

1.2 Following the publication of the regional Bus Service Improvement Plan (BSIP) in October 2021, and the indicative funding award of £163.5 million in April 2022, the North East Enhanced Partnership Plan and Scheme has been prepared and passed through statutory consultation period without operator objection earlier this year. On that basis, the North East Joint Transport Committee agreed to formally make the EP Plan & Scheme at its meeting on the 21st March 2023.

1.3 Earlier in the month, at the Annual Transport for the North Conference, the Secretary of State for Transport confirmed that the region would receive £118 million in BSIP funding from the Government this year. Following this confirmation, and the making of the Plan, the Partnership will begin to deliver initiatives aimed at our BSIP Key Performance Indicators (KPIs) of boosting bus ridership, performance, customer satisfaction and environmental standards.

1.4 Transport North East have identified initiatives which can be fast tracked for delivery as they are at a later stage of development. The first initiatives to be brought forward include:

- BSIP fares schemes which will deliver cheaper multimodal, multi operator day tickets and discounted single and day tickets for under 22s
- A suite of bus priority infrastructure interventions that will begin to speed up journey times and make them more reliable throughout the region
- Service enhancements to connect more people in the region to the bus network
- Season passes for Care Experienced young people, following a successful trial in Newcastle and Gateshead which aimed to tackle transport poverty among young people who are new to living independently.

1.5 Other initiatives, such as a new integrated app and website, additional staffing and a major Park and Ride site will be simultaneously developed.

1.6 The Government has also confirmed that the Bus Recovery Grant, which is funding that Central Government has been paying directly to bus operators to support them throughout the COVID-19 pandemic with patronage falling significantly, will be extended by a further 3 months till the end of June. The £2 fare cap for single journeys, which was introduced at the beginning of 2023, has also been extended till the end of June to encourage people back to the bus. The announcements are

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welcome but continue to leave concerns over funding for the industry in the longer term.

### Rail

- 1.7 The first of the new Metro trains arrived in the North East on the 28th February, after Stadler successfully delivered it from their factory in Switzerland. The Stadler Class 555 Metro train, the first of 46 that Nexus has on order as part of the £362m programme, will undergo a period of testing and driver training before entering customer service in the autumn.
- 1.8 There has been a slight improvement in the latest period rail performance figures however levels are still below targets for the region especially on the Durham Coast line. The most recent round of industrial action and increased levels of sickness amongst train company staff is still a cause of cancellations and delays. Local services are still seeing around an average of 7% of services cancelled and around 85% of services running to target arrival times.
- 1.9 Engineering works on the Bishop Line between Darlington and Bishop Auckland and track works in the Durham area are now complete, with weekend operations now resuming rather than diversions or rail replacement bus services.

### Active Travel

- 1.10 On 24<sup>th</sup> February, Transport North East submitted bids to Active Travel England (ATE) for funding through Tranche 4 of the Active Travel Fund. ATE provided an indicative allocations to authorities and invited bids for up to that figure and up to 300% of that figure. On that basis, the regional bids totalled almost £7 million and £21 million respectively. The funding will be predominantly capital and focussed on the delivery of active travel schemes within the next year.

## 2. Proposals

- 2.1 This report is for information only. Therefore no decisions are contained in this report.

## 3. Reasons for the Proposals

- 3.1 This report is for information purposes only.

## 4. Alternative Options Available

- 4.1 Not applicable to this report.

## Leadership Board

### 5. Next Steps and Timetable for Implementation

5.1 Timetables are set out as appropriate in relation to the individual items in the sections above.

### 6. Potential Impact on Objectives

6.1 Sustaining an effective public transport system will be critical to NECA in delivering its objective to maximise the area's opportunities and potential. In addition to this continuing investment in the projects and programmes outlined above will help ensure the area has a transport system capable of meeting current and future challenges.

### 7. Financial and Other Resources Implications

7.1 The report includes information on funding and financial opportunities.

7.2 There are no specific additional financial implications for NECA arising from this report.

7.3 There are no Human Resource or ICT implications for NECA arising from this report.

### 8. Legal Implications

8.1 There are no specific legal implications arising from this report.

### 9. Key Risks

9.1 Various risks exist in relation to the impacts that a failure to achieve the region's aspirations for improving transport would have on wider economic and environmental objectives.

### 10. Equality and Diversity

10.1 There are no specific equalities and diversity implications arising from this report.

### 11. Crime and Disorder

11.1 There are no specific crime and disorder implications arising from this report.

### 12. Addressing Geographic Diversity:

12.1 The continued provision of bus and other public transport services to more sparsely populated areas remains important to meeting the future needs of these areas.



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### 13. Climate Change/Environmental Sustainability

- 13.1 Transport remains a major source of carbon dioxide and other pollutants. Sustaining effective public transport networks and investing in alternatives to the private car as well as Electric Vehicles are important to achieving further reductions in carbon emissions.

### 14. Consultation/Engagement

- 14.1 Not applicable.

### 15. Other Impact of the Proposals

- 15.1 No specific impacts.

### 16. Appendices

- 16.1 Not applicable.

### 17. Background Papers

- 17.1 Not applicable.

### 18. Contact Officers

- 18.1 Sheena Ramsey

### 19. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

### 20. Glossary

North East Joint Transport Committee – the formal decision making body in terms of transport strategy, covering both the NECA and North of Tyne areas.

# **NORTH EAST JOINT TRANSPORT COMMITTEE**

To: All Members of the Joint Transport Committee and Gateshead Council  
LA7 Leaders and Elected Mayor

Civic Centre  
Regent Street  
Gateshead  
NE8 1HH

19 August 2021

Dear Colleague

## **Bus Partnership update**

I am writing to update you on the next steps in developing a Bus Partnership for the North East, and to ask for your assistance both in leading your Council's input into the work, and in ensuring that your Cabinet Members have access to appropriate briefings.

Firstly I would like to thank you for the financial support that your Council has provided to allow a project team to be established swiftly, and for your active participation at the Joint Transport Committee that unanimously agreed to develop a bus partnership with operators.

The Covid-19 pandemic has put our public transport services and our transport objectives at risk. Ridership levels – and therefore income from fares – are way below pre-pandemic levels. Central government support has kept the buses and the Metro running until now because of their role as an essential service, but the government has been clear that this support will cease at the end of this financial year. We do not expect ridership to recover quickly enough to make services viable without further financial support, and we therefore need to act in order to preserve services.

The bus network has always been essential in the North East. Before the Covid-19 pandemic there were over 160m bus journeys each year in our region. Almost a third of our households have no access to a car, and for many people in one-car households the bus is their lifeline to get to work, education, health and social inclusion.

The North East Transport Plan that we approved earlier this year set out our shared transport objectives of: achieving carbon neutrality; overcoming inequality and growing our economy; improving public health; and offering appealing sustainable transport choices through a safe and secure network.

Throughout this year we have talked about the need for a new approach to buses. If we are to deliver on our ambitions to move towards net zero carbon emissions, to clean up the air we breathe, and to make sustainable travel an affordable and realistic choice for everyone, we need to change the way that buses work for our communities. We also need to change the way that we work with the bus industry.

In July the Joint Transport Committee agreed a Vision for Buses setting out our ambition for:

- An enhanced network that is simple and easy to understand;
- Faster and more reliable journey times;
- A simple and flexible fares structure;
- Better integration between modes;
- More early morning and evening services;
- Clear and consistent information that is easy to access;
- Improved safety and security;
- Cleaner and greener vehicles
- Improved connectivity beyond our boundaries;
- A first-class customer experience.

In July we also agreed to work with local bus operators through an Enhanced Partnership which will allow us to bid into a £3bn government fund. Members unanimously supported the proposal to draw up a strong proposal which will be in a document known as a Bus Service Improvement Plan (“BSIP”). The government fund is tied to a new National Bus Strategy published earlier this year, and our BSIP is effectively a bidding document that will need to convince the government that our plans are ambitious, credible, effective and deliverable.

We will of course continue to make the case for adequate government funding for bus services as matter of principle, directly and through the collective bodies like the Local Government Association and the Urban Transport Group. However, the government has been very clear that emergency Covid-19 funding support for buses will cease at the end of this financial year, and it seems increasingly likely that the only route to securing new funding for buses will be through grants awarded through the BSIP process.

It is therefore of the utmost importance that we present the strongest possible BSIP and secure the biggest possible share of the £3bn that we can. The funding will support not only our ambitions for a better bus system, but it will also be needed to provide essential relief as the bus network continues its recovery from the effects of the pandemic. The alternative we face is almost certain wide-spread cuts to services that will damage our communities.

To develop a strong BSIP that will truly make a difference to how buses operate we will need the leadership and support of you and your Cabinet colleagues, along with officers responsible for local highways and transport.

Extensive priority will need to be given to buses on our area’s roads, particularly on the approaches to centres of population, in order to speed up bus journeys and make them more reliable. This will see the introduction of more bus lanes and more bus-only roads and access gates across the region.

Road junctions at key points on the bus network will prioritise buses both in their physical design and in how traffic signals are phased. We will need to critically appraise parking charges and policies to make sure that buses are a competitive and attractive way to travel for both work and leisure. We will also need to make sure that parked cars do not prevent people from boarding buses or make it difficult for buses to pass through narrow roads in villages and estates.

The bus operators will of course have to make very significant improvements of their own as part of the package. They will need to make fares both affordable and integrated; buses will need to be of the highest standard in appearance, comfort, and environmental performance; and timetables will need to be designed to support communities across the area, rather than focusing on the most profitable routes.

I recognise that such changes will need to be considered very carefully, in consultation with the communities affected and considering the views of, and impact on, all road users. However, it is equally important to stress that without wide-ranging improvements of this nature our BSIP may not attract significant funding and our bus network will shrink as a result.

Officers from Transport North East and the LA7 Councils are working in partnership with bus operators to develop the BSIP. I would encourage everyone with a stake in a successful bus network successful to pro-actively feed ideas into the development of the BSIP.

In September we will review the first draft of our BSIP. I have asked my officers to ensure that, following the Joint Transport Committee briefing, every Council's Cabinet is offered a full briefing on the local implications. I would like to request your assistance in arranging this briefing so that your colleagues can gain a better understanding of what is being proposed and its possible benefits and impacts on the residents in your area.

The North East is already suffering from a car-dominated recovery with traffic levels consistently higher throughout the day than before the pandemic. Our leadership in the coming months will be essential to ensure that this is only a short-term effect and that public transport is able to play its full part in supporting a green economic recovery for the North East.

There are, unfortunately, no other avenues open to us at present if we want to secure funding to support and grow the bus network. Franchising is a possible long-term option which we will keep under review, but it is a very complex and lengthy process even for those Combined Authorities which have the legal powers to introduce a scheme themselves – and we do not. In any case bus-friendly highway and parking policies such as those I highlight above will still be necessary for the bus network to be successful, regardless of the system of governance.

If you would like to discuss this letter in person, I would be delighted to speak to you about it. I will also ask officers to make contact with your office to arrange a briefing of Cabinet Members as discussed above.

Yours sincerely

**Councillor Martin Gannon**  
**Chair of the North East Joint Transport Committee**  
Copied to: Transport Strategy Board

### Leadership Board

**Date:** 4 April 2023

**Subject:** Finance, Skills & Employability - Thematic Update

**Report Of:** Thematic Lead for Finance, Skills & Employability

#### Executive Summary

This report seeks to provide an update on current Finance, Skills and Employability portfolio activity, including the implications of the recent provisional local government finance settlement and on the wide-ranging Skills and Employability drivers which may impact on the delivery of Employment & Skills services in the coming years.

The recently announced North East Devolution Deal which subject to further detailed development and ratification provides further opportunities to progress and integrate skills development and employability support measures in line with policy priorities and delivery opportunities detailed in previous updates.

#### Recommendations

The Leadership Board is recommended to receive this report for information.

## Leadership Board

### 1. Background Information

- 1.1 Further to the agreed portfolio leads and the update provided to the Leadership Board in January, activity continues to progress all aspects of the Finance, Skills and Employment needs and opportunities across NECA. Identification of the main issues and progress being made under each element is as follows:

### 2. Finance Theme

- 2.1 It is vital that the functions that NECA oversees as accountable body are properly resourced. The provisional local government finance settlement following the autumn statement was published for consultation on 19 December, with the government providing confirmation of the final settlement in January 2023.
- 2.2 The settlement totals £59.5bn, representing a 9% increase in core spending power. Core spending power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates. The settlement confirms £2bn in additional grant funding for social care for 2023/24. Additional funding will be distributed by needs formulae, leading to more deprived areas receiving additional funding. However, the fact that much of the increased core spending power will come from increased levels of council tax and the continuing delay to the Fair Funding Review until at least April 2025 has disappointed many councils. Councils remain under significant financial pressure as a result of rising demand for services and inflation.
- 2.3 Proposals for the 2023/24 NECA Corporate budget were agreed by the Leadership Board at its last meeting.
- 2.4 Significant pressures remain in relation to transport budgets in 2023/24, particularly on the Tyne and Wear levy as energy price inflation has risen above levels previously assumed and this has had a hugely detrimental effect on Nexus' budget for high voltage power, the cost of which has more than doubled. Budget proposals for 2023/24 were agreed by the JTC on 17 January following consultation and provide a balanced budget with reliance on Nexus reserves in 2023/24 and 2024/25. This is possible through a better than budgeted forecast outturn position in 2022/23 as a result of unbudgeted additional grant income through the Local Transport Fund and Energy Bill Relief Scheme.

## Leadership Board

### 3. Skills Theme

**3.1 NELSIP – North-East Local Skills Improvement Plan** is process that is grounded in the North-East strategic priorities, focussed on high impact outcomes that are informed through an evidence based approach and extensive consultation. Analysis and stakeholder feedback seeks to highlight and validate a set of transferable cross cutting themes, as well as identifying specific actionable priorities.

### 3.2 Emerging Cross-Cutting themes

- Emerging technologies are increasing the importance of higher-level technical skills and present challenges for providers
- Digital is *no longer optional*
- Foundation skills are becoming increasingly important but Level 2 not yet a license to operate in most sectors
- Employer demand signal is fragmented –requires providers with business development capability to help employers navigate to solutions
- Risk that under-represented and disadvantaged will continue not to be included or progress to better jobs
- Well informed and aspirational career guidance at pre-16 is critical

### 3.3 Criteria to inform NELSIP emphasis

- **Strategic importance**—A significant set of technical skills that are important to achieving the strategic ambition for the region by supporting development or deployment of emerging technology and enabling future productivity, growth, and inward investment.
- **Required to Operate**-Skills that are required as a “licence to operate”, through regulatory or sector standards, now or in the future, in sectors defined as strategically important to the Strategic Economic Plan for the North-East.
- **Productivity** –technical skills required to deliver competitive levels of operational performance and productivity.
- **Scarcity** -technical skills with limited availability in the North-East workforce and which it takes time to develop and/or to scale availability.
- **Enabling Progression/Skills Pipeline**—technical skill levels that are required to enable a progression route and access to higher qualifications or better jobs within a vocational pathway, and therefore

## Leadership Board

contributing to inclusive growth and a sustained economic benefit to the region.

- **Extent of Change Required**—the extent to which changes in future skills demand will require a change in volume of learner completions or revised curriculum.

### 3.4 NELSIP Emphasis

#### 3.4.1 Prioritised in the NELSIP

Critical scarce technical skills which constrain productivity, growth, and delivery of key services, which require a change in provision.

- These skills are scarce now and will be important to the future productivity and growth in the NE. These technical skills are not readily available in the employment market and take it takes time to develop the pipeline for these skills in the volume required.
- Meeting these technical skills challenges requires a step change in the participation numbers and level of attainment, likely requiring a change in the delivery model of provision and access specialist teaching capability.

#### 3.4.2 Medium emphasis in the NELSIP.

Workforce shortages that may impact progression to scarce skill jobs or where future skills requirements are likely to require changes in provision.

- Roles that may be operational very important within strategically important sectors, and where there may be workforce shortages, but where the requirement for technical skill development is not a significant factor constraining workforce availability.
- Some emphasis required in the LSIP, since foundation skills requirements are expected to be a significant factor in the future, and/ or these roles serve as a foundation qualification that enables progression to higher level jobs and qualifications. Likely to require a change in the level, focus, or delivery model of provision at some point in the future, but not likely to be within the LSIP programme period.

#### 3.4.3 Not expected to be emphasised in the NELSIP.

Either No Workforce shortages or shortages not resulting from scarce skills, and needs should be met by existing provision. There may be no existing or anticipated workforce shortages in the sector at this level, which require technical skills. There may be shortages which still need attention, but solutions do not require a realignment of education and training provision.



## Leadership Board

### 4. Employment Theme

#### 4.1 Supporting NEET Young People into work

4.1.1 ERSA (Employment Related Services Association) and the Education Development Trust are undertaking a research project about young people who are not in education, employment or training (NEET), with a particular emphasis on care experienced young people.

4.1.2 Currently, 12.6% of people aged 18 to 24 are NEET, which amounts of around 675,000 people. Perhaps even more worryingly, the rate has only decreased 2.2 percentage points since the data started being collected in 2002. For care leavers, the numbers are more concerning with 41% of 19 to 21 year olds not in education, employment and/or training. This combined with their increased likelihood to be involved with the criminal justice system, live in insecure housing/homelessness and have lower levels of mental wellbeing makes them one of the most disadvantaged groups in society.

4.1.3 In this project, ERSA and EDT are particularly keen to find out how the employment support sector helps care leavers on their employment journey and which of these practices work best. ERSA members and the wider employability sector are being asked to spend around 15 minutes on a survey how they support young people on their programmes into education, employment and/or training.

4.1.4 The deadline for the survey is Tuesday 28 February at 5pm and it can be accessed [here](#)

#### 4.2 UK Shared Prosperity Fund

4.2.1 UK Shared Prosperity Fund Investment Plans were approved by central government in December 2022, but the future remains uncertain for employment support organisations that utilised the European Social Fund with great success. Differences across local authorities with regards to experience, staff capacity and geographical relationships has resulted in varied and inconsistent investment plans. Some local authorities have offered continuation funding for ESF-projects that meet the 'voluntary sector considerations' outlined in the UKSPF's prospectus, but some local authorities haven't included funding for 'People and Skills' at all.

## Leadership Board

- 4.2.2 This gap in funding between ESF and UKSPF ‘People and Skills’ strand has recently been raised in the House of Commons about looking to address the causes of economic inactivity in the over-50s. The people and skills element of the UK shared prosperity fund could be well placed to fund the kind of support that that age group needs to get back into the workforce, but that funding will not be available until 2024-25.
- 4.2.3 ERSA sent out a survey to members on the end of the European Social Fund and the survey produced some worrying, but perhaps unsurprising results. In total, 95 organisations across the third, public and private sectors and from all regions of the UK, completed the survey. On a positive note, the survey presented the fantastic, important, and life changing work that the employment support sector was able to do with the European Social Fund. The different characteristics and backgrounds of people that employability providers supported in/closer to the labour market can be seen from the results. At a time when current government policy is focused on decreasing the rate of economic inactivity, there is a risk of losing organisations and their expertise that can help with this. Worryingly, only 4.21% of organisations knew that these provisions would be replaced, with 41.05% answering that they would not. This reaffirms the point that these programmes who are supporting people back into the labour market come to an end this year, with some already having ended, and will leave gaps across geographies and people will lose out on support. Another point that ERSA has continually raised with key stakeholders is that expertise from the sector will be lost. The survey paints this picture very clearly, with 63.44% of respondents answering that staff will be made redundant. This statistic would be worrying at any time, but particularly during the current cost-of-living crisis.
- 4.2.4 The survey also raised issues of UKSPF having less funding than previous ESF levels, the silence from some local authorities on next steps and the fact that the impending gap will have a disastrous impact on vulnerable communities. In the current economic climate, the government needs to harness the knowledge of the sector and ERSA will continue to argue this and raise the current issues with national, devolved, and local stakeholders.

### 4.3 Labour Market Update

- 4.3.1 January’s release from the Office for National Statistics (ONS) presented a similar story to many of the last of briefings. The Labour Force Survey (LFS)

## Leadership Board

single-month estimates of employment, unemployment and economic inactivity were all identical to those published in December.

4.3.2 The latest publication from the ONS covers the months from September to November 2022 but provides similar findings to the previous quarter. Ongoing high vacancies combined with increased numbers of economic inactivity and little improvement in the employment rate. The employment rate remains unchanged on the quarter, standing at 75.6%. However, the UK's employment rate remains 1% lower than pre-pandemic levels.

4.3.3 Tackling economic inactivity is at the forefront of the current political leaderships mind and the review into workforce participation still ongoing. The ONS reported that the inactivity rate was 21.5%, falling by 0.1% of the quarter, with the *Learning and Work Institute* stating that it was 50- to 64-year-olds driving the decrease. However, despite the small decrease, it is 1.3% higher than in the quarter prior to the Coronavirus pandemic.

4.3.4 Worryingly, there was small quarterly change in the unemployment rate, which increased by 0.2%. Similarly, the redundancy rate increased again, this time by 1.1 people per thousand employees, which took the overall rate to 3.4 people per 1000 employees. Finally, vacancies decreased again, but are still over 1.1 million, and 365,000 higher than pre-pandemic levels. It will be important to monitor these figures over the coming months.

### 4.4. Policy Update

4.4.1 January was reasonably quiet with regards to policy announcements, but with the review into workforce participation currently ongoing, there were a couple of policy proposals touted in the national press. These included [tax incentives for the over 50s if they return to work](#), and a [campaign for 'stay-at-home' mothers to return to the office, which will apparently include an advertising blitz and a letter writing campaign](#).

4.4.2 Chancellor, Jeremy Hunt, set out [his vision for long-term prosperity in the UK](#), which featured “four pillars for growth”, one of which was ‘employment’. The speech, as expected, heavily focused on economic inactivity with Hunt stating, “it is time for a fundamental programme of reforms to support people with long-term conditions or mental illness to overcome the barriers and prejudices that prevent them working.”

4.4.3 The Department for Work and Pensions did announce that [120,000 working people on Universal Credit across Great Britain will receive in-work support](#) through

## Leadership Board

a JobCentre Plus work coach, starting at the end of February. Similarly, a [£1 million fund for new ideas to boost health and welfare at work](#) for Small and Medium Enterprises (SMEs) and the self-employed was jointly launched by the Department for Work and Pensions and the Department of Health and Social Care.

### 5. Next Steps and Timetable for Implementation

- 5.1 Employment & Skills issues and opportunities for development remain under development through meetings of the Skills and Employment Working Group. Working arrangements and the Employment and Skills focus may change over the coming months in line with the further development and consultation on the recently announced North East Devolution Deal.

### 6. Potential Impact on Objectives

- 6.1 This report is for information only.

### 7. Financial and Other Resources Implications

- 7.1 There are no additional financial implications as this report is for information only.

### 8. Legal Implications

- 8.1 There are no specific legal implications arising from this report.

### 9. Key Risks

- 9.1 This report is for information.

### 10. Equality and Diversity

- 10.1 There are no equality and diversity implications directly arising from this report

### 11. Crime and Disorder

- 11.1 There are no crime and disorder implications directly arising from this report

### 12. Consultation/Engagement

- 12.1 Economic Directors have been fully consulted on the contents of this paper

### 13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report

## Leadership Board

### 14. Appendices

14.1 None

### 15. Background Papers.

15.1 Thematic Portfolio Update 29 November 2022

### 16. Contact Officers

16.1 Amy Harhoff, Corporate Director Regeneration Economy & Growth,  
[Amy.Harhoff@durham.gov.uk](mailto:Amy.Harhoff@durham.gov.uk) Tel: 03000 267330

### 17. Sign off

17.1

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer ✓:

### 18. Glossary

18.1	AEB	Adult Education Budget
	IES	Institute for Employment Studies
	JTC	Joint Transport Committee