

## Leadership Board

Tuesday 2 November 2021 at 2.00pm

Meeting to be held at: Committee Room 2, Durham County Hall, DH1 5UQ

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# AGENDA

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## Page No

1. **Apologies for Absence (Members)**
2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.
3. **Minutes of the Previous Meeting held on 14 September 2021** 1-4

For approval as a correct record.
4. **Announcements from the Chair and/or the Head of Paid Service**
5. **Economic Development and Digital Thematic Portfolio Update** 5-16
6. **Finance and Skills and Employability Thematic Portfolio Update** 17-26
7. **Transport Thematic Portfolio Update** 27-34
8. **Chair's Update (Verbal Item)**

<b>9. NECA Leadership Board Budget 2022/23</b>	<b>37-44</b>
<b>10. NECA Committee Appointment Update</b>	<b>45-52</b>
<b>11. NECA Pay and Grading Structure</b>	<b>53</b>
<b>12. NECA Trade Union Recognition Agreement</b>	<b>55</b>
<b>13. Date and Time of Next Meeting:</b> 14 December 2021 at 2.00pm	

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## **Leadership Board**

### **DRAFT MINUTES TO BE APPROVED**

14 September 2021

(2.00pm – 2.40pm)

Meeting held in the Council Room, Gateshead Civic Centre

#### **Present:**

**Councillors** Graeme Miller (Chair), Tracey Dixon, Martin Gannon and Amanda Hopgood.

**Officers** Jonathan Tew (Chief Executive, South Tyneside Council), John Hewitt (Interim Chief Executive, Durham County Council), Sheena Ramsey (Chief Executive, Gateshead Council), Jon Ritchie (representing Chief Executive, Sunderland City Council), Catherine Auld (Assistant Director of Economic Regeneration, Sunderland City Council), Mike Barker (representing Monitoring Officer), Lucy Winkell (North East LEP), Paul Darby (Chief Finance Officer, NECA), Gavin Armstrong (Policy and Scrutiny Officer, NECA) and Toby Ord (Strategy and Democratic Services Assistant, NECA)

#### **1 APOLOGIES FOR ABSENCE (MEMBERS)**

Apologies for absence were received from Gillian Hall, Nicola Robason and Patrick Melia.

#### **2 DECLARATIONS OF INTEREST**

None.

#### **3 MINUTES OF THE PREVIOUS MEETING HELD ON 20 JULY 2021**

The minutes of the previous meeting held on 20 July 2021 were approved as a correct record.

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

There were no announcements from the Chair or Head of Paid Service.

**5 CHAIR'S THEMATIC PORTFOLIO UPDATE**

Submitted: Report of the Chair of the North East Combined Authority (previously circulated and copy attached to the official minutes).

The Chair opened stating that the NECA area is currently a great region for business and expressed his appreciation for the efforts of all those involved in landing investments and creating opportunities for both businesses and individuals.

Members discussed the cruciality of agreeing a devolution deal with central Government that works for the whole NECA area and region.

Members also noted that the collaborative efforts of the LA7 authorities throughout the pandemic as well as the existence of the Joint Transport Committee is exemplary of how compatible these local authorities are.

**RESOLVED that: -**

- i. the report be noted.

**6 ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE**

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

Councillor Dixon presented the report which focussed on economic recovery in the face of the COVID-19 pandemic and its impact.

It was noted that levelling up and successor funds are anticipated from the government to assist in economic recovery, and that the pandemic has greatly impacted jobs in hospitality, retail, visitor and manufacturing. Subsequently, there is now danger of a mismatch between unemployed persons and vacancies available, and training opportunities should be offered to resolve this.

It was also stated that digital infrastructure plans on both national and local levels are taking place; NECA's broadband programme has now provided superfast broadband to 87,000 households across the region, and the government's plan to launch 'Project Gigabit' will see more than one million 'hard to reach homes' across the nation supplied with 1gbps (1000mbps)

broadband, with South Tyneside and Durham being among some of the first areas to benefit.

**RESOLVED that: -**

- i. the report be noted.

**7 FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE**

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

Councillor Hopgood presented the report which provided an update on current Finance, Skills and Employability portfolio activity.

It was stated that the fallout of the pandemic has led to the further detriment of high street shopping, and the authority continues to lobby the government for an increase in tax rates for online retailers.

It was noted that there is a skill shortage in many areas and that NECA has a responsibility to connect employers with educational establishments in order to resolve this.

It was also noted that the government plans to provide funds for skills and employability schemes in the near future, and subsequently the authority should already have schemes prepared so that we do not miss out on funding when the time comes.

Members noted that as universal credit and the furlough scheme comes to an end, the true financial impact of the pandemic on individuals will become apparent. Members discussed the challenges this may have in the future when delivering services to residents.

**RESOLVED that: -**

- i. the report be noted.

**8 TRANSPORT THEMATIC UPDATE**

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

Councillor Gannon presented the report which gave an insight on transport and the impact of the pandemic on the metro and bus services.

It was stressed that during the pandemic bus usage had dropped significantly and Members discussed the impact this may have on the enhanced partnership funding. It was noted that the freeze on the transport levy for local authorities has put stress on the transport budget and the deficit has been funded from reserves.

Members discussed the ambitions of the combined authority for a transport strategy in the region and how this could be achieved.

**RESOLVED that: -**

- i. the report be noted.

**8 NECA LEADERSHIP BOARD BUDGET 2022/23**

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

Paul Darby provided Members with an overview of the 2022/23 NECA Leadership Board Budget and updates to the corporate budget.

It was noted that the corporate budget isn't expected to change within the next few months and currently remains in a healthy position.

**RESOLVED that: -**

- i. the report be noted.

**9 DATE AND TIME OF NEXT MEETING**

Tuesday 2 November 2021 at 2.00pm.

## **Leadership Board**

**Date: 2 November 2021**

**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 under the Economic Development and Digital (EDD) theme of the North East Combined Authority. The report provides updates on economic recovery, external funding and digital connectivity.

The report provides an overview of the economy that is showing early signs of recovery from the economic shock of the pandemic, which has impacted heavily upon our labour market and businesses..

### **Recommendations**

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

## NECA Leadership Board

### 1.0 Background Information

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

- Economic recovery;
- Funding and Government announcements;
- Digital infrastructure.

### 2.0 Economic Recovery

#### 2.1 *Impact of the pandemic*

It is widely acknowledged that the immediate impact of the pandemic had a profound economic affect upon the NECA economy given our high proportion of jobs in sectors which were forced to close or suffered from low demand, such as hospitality, retail, travel and the visitor economy.

Town and city centres were hit by the major drop in footfall and national retailer restructuring and store closures, while manufacturers, particularly automotive, experienced supply chain issues. Many firms exhausted reserves and cash flows, with real concerns about survival.

The impact on the labour market was significant, with the wider measure of unemployment rising from 6% in March 2020 to 6.8% in December 2020, considerably above the national average. The unemployment claimant count leapt up from 4.7% in March 2020 to 7.9% in July 2020 (particularly amongst 18-24s where it increased by over 4,000).

However, the Furlough scheme has largely kept unemployment levels down and, as the economy has reopened, the rate has fallen steadily since the Autumn 2020 update; from the 7.9% in July 2020 to 6.4% in August 2021.



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	Claimant Count % March 2020	Claimant Count % July 2020	Claimant Count % Aug 2021
Durham	4.0%	6.4%	5.2%
Gateshead	4.6%	7.6%	6.2%
South Tyneside	6.2%	9.4%	7.6%
Sunderland	5.1%	8.2%	6.6%

The number of workers on Furlough has fallen significantly from the levels of last Autumn to the latest data in July 2021 which shows around 25,000 (around 6% of the NECA workforce) are on the scheme (down from 30% in July last year)

	Furlough numbers (and % of workforce) July 2020	Furlough numbers (and % of workforce) July 2021
Durham	69,000 (32%)	10,500 (5%)
Gateshead	29,700 (34%)	4,200 (5%)
South Tyneside	20,500 (33%)	3,400 (6%)
Sunderland	39,500 (34%)	7,100 (6%)

### 2.2. **Support from NECA Local Authorities**

The significant support provided to businesses has helped many small firms to survive. The four Local Authorities have supported businesses throughout the pandemic, including Retail, Hospitality and Leisure Grants, Local Restrictions Support Grants, Additional Restrictions Grants and Restart Grants.

These schemes were administered by the Local Authorities and have provided grants to thousands of businesses across the NECA area throughout the pandemic. Funding through these schemes have totalled over £500m across the NECA area.

To support our high streets, the local authorities continue to focus upon town and city centres given the impact of reduced footfall, changed business models and national retailer restructuring. Through the Government's £56m Welcome Back Fund, the NECA councils have received:

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- Durham £569,000
- Gateshead £178,000
- South Tyneside £198,000
- Sunderland £309,000

This will fund a range of activities including communications and marketing, signage and temporary public realm, boosting safe visitor experience and plans to help medium-term impact (particularly on the high street). The funding has to be spent by the end of March 2022 and follows the Reopening High Street Safely Fund (with £600,000 across the NECA area).

### 2.3 *Looking forward*

Encouragingly, the North East unemployment rate and NECA claimant count are both slowly falling which, combined with vacancy levels now above pre-pandemic levels (growth in construction, logistics, manufacturing, health and social care and a return to hospitality roles in particular), suggests a steady economic recovery.

Much of this is dependent upon consumer confidence and the ability of our economy to adapt to the new ways of operating, including the likelihood of continued home or hybrid models of working. Business confidence measures (from the Chamber of Commerce, FSB, CBI and others) suggest firms are confident about the future, with hospitality and tourism boosted by reopening. Some sectors, such as digital, professional services, low-carbon and construction, continue to do well.

Yet business and consumer confidence is being buffeted by supply chain and skills shortage issues (due to pent-up demand and global pressures from the pandemic) and are particularly acute in food and drink and in automotive (due to semiconductor shortages). There remain worrying signs of long-term labour market scarring, especially; the still high rates of youth unemployment, significant levels of 18-24 economic inactivity; and rising numbers of those unemployed for over 12 months (as the claimant count reduction has largely been driven by those out of work for less than six months).

In addition, there is potential for further adverse effects as rents and loan repayments emerge for businesses, along with the uncertainty now that

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the Furlough scheme and the uplift to Universal Credit have now both ended.

Other factors such as inflationary pressures (already putting pressure on construction and manufacturing firms and schemes), skills shortages (widely reported across sectors, particularly hospitality, social care and manufacturing) and a rise in fuel bills (given Ofgem's change to the household energy cap and the rise in the wholesale price) mean that the future for our economy remains uncertain. This is particularly the case for our lowest-skilled workers and those just entering (or furthest away from) the jobs market, reinforcing the need for further re-skilling and up-skilling support so residents can access opportunities.

### 2.4 **Next steps**

The Local Authorities continue to roll out grant support to eligible businesses and help residents' access new employment and training opportunities. We will continue to monitor the impact of the pandemic upon the NECA economy and focus on economic recovery.

## 3.0 **Funding & Future Government Announcements**

### 3.1 **Successor to European Structural and Investment Funds**

As described in previous reports to the Board, we are awaiting further confirmation and details from Government on the successor to European Structural and Investment Funds (ESIF), the UK Shared Prosperity Fund (UKSPF).

Over the past seven years, ESIF, predominately European Regional Development Funding, European Social Funding and rural monies, worth c£2.1bn per year to the wider UK. Over the last seven year period, the funding for the North East has been over £400m.

This funding has been used for boosting several aspects of economic development, including support for capital projects, regeneration, business, employment, skills and agriculture, with funding targeted towards less-developed regions and channelled through both different priorities (such as business support, innovation and so on) and via regional groupings. On the latter, European funding was distributed through the North East LEP.

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However, now that the UK has left the EU, this funding has ceased (although existing ESIF programmes will continue until June 2023) and Government has pledged to use any underspend from the programmes to support economic recovery (details of this have yet to be confirmed).

The Government has proposed to replace EU Structural funding with a new UK Shared Prosperity Fund (UKSPF), aimed at reducing inequalities between communities and delivering on its 'levelling up' agenda.

Ahead of the EU Exit, Government announced that the total value of the UKSPF would eventually "at least match current EU receipts" and pledged £1.5bn per year. It has also suggested that a portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities, and that funding will be split between people and place, reflecting the current ESF/ERDF split.

However, the Government has still yet to set out in detail how the Shared Prosperity Fund will work. Many questions remain on the priorities and objectives of the Fund, including the exact amount of money to be allocated, the method of allocating funding between the countries and regions of the UK, the length of the planning period, who administers the fund (including the degree to which local authorities are involved), and the implications of the Fund for state aid rules.

Recent comments from Government have described that Local Authorities will be at the heart of UKSPF, although it is thought most likely that this will be as part of a grouping, be this at Combined Authority, LEP or other level. It is expected that more detail on UKSPF will be announced at the Budget on 27<sup>th</sup> October.

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### 3.2 *UK Community Renewal Fund*

In the meantime, the NECA Local Authorities await the outcome of the £220m UK Community Renewal Fund launched at the March 2021 Budget. This was designed to help areas prepare for UKSPF and pilot new approaches.

Run through Local Authorities, the UKSPF named South Tyneside, Gateshead and Durham as priority places (but not Sunderland due to an assessment framework which looked particularly at productivity where Sunderland performed above the threshold, largely due to the presence of Nissan).

The aim of the Government fund is to better target places “in need,” such as ex-industrial, coastal communities, rural areas and deprived towns, “and for people most in need of additional support.” It is a competitive process with “no pre-set eligibility.” The NECA local authorities each submitted a shortlist of up to £3m of local projects and Government are currently reviewing which projects have been successful.

The predominately-revenue based Fund aims to provide finance for innovative, impactful programmes in skills (particularly upskilling, digital and green), employment (helping people into jobs), business support (particularly innovation, decarbonising and start-up) and communities and place (especially culture and green spaces). Projects are just for delivery in 2021/22 so all spending has to be completed by March 2022.

The original prospectus described that decisions were to be made at the end of July, but no announcement has been forthcoming. The twelve North East Local Authorities have raised with MHCLG and BEIS the need for clarity on the outcome and process, stressing the need for an extension to the March 2022 deadline.

### 3.3. *Government announcements*

As well as announcements on successful UK Community Renewal Funds, we are anticipating Government decisions on which major capital schemes, predominately on transport, culture and other infrastructure, have been approved through the Levelling Up Fund. It looks likely this will take place at the Budget and Comprehensive Spending Review on 27<sup>th</sup> October.

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In addition, we are also expecting the following policy announcements:

- Levelling Up White Paper on Levelling Up and devolution;
- Further developments from the ongoing passage of the Skills & Post-16 Education Bill around upskilling and retraining (Government have already announced a number of Trailblazer pilots for Local Skills Improvement Plans);
- Subsidy Control and Procurement Bills on subsidies and allowing for more local procurement following consultations earlier this year;
- Further details of the UK Gigabit Programme (see more below);
- Outcome of consultations on Business Rates and online retail, particularly the potential to level the playing field between high street and large online retailers when it comes to taxation.

### 4.0 Digital Infrastructure

#### 4.1 *Importance of Digital Connectivity*

Fast, resilient and affordable broadband and mobile coverage is vital for our residents, businesses, visitors and investors. Better digital connectivity can boost productivity, help businesses to grow and export, allow residents to access training and public services and is a key requirement of visitors and investors. The economic impact of better broadband is considerable (£20 in net economic impact for every £1 of spending according to DCMS as better broadband makes firms and workers more productive).

Superfast speeds of 30 megabits per second (mbps) are considered the minimum for good connectivity, with Government now focussing upon future-proofed connectivity of 1gigabit (1GB), also described as gigabit capable or full fibre.

Durham County Council presented to the last EDDAB and described the process gone through on its Digital Strategy, setting out three core themes (digital customer, digital communities and digital organisation) that, collectively, enable the Council to put the customer at the heart of everything it does in a changing technological landscape, digitally improving services, supporting people, communities and the local authority to deliver better outcomes for everyone

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### 4.2 *Current picture*

There has been excellent collaboration across the NECA area through the Digital Durham programme to boost superfast broadband (30mpbs) across the NECA area. Digital Durham allows subsidised (through Government and Local Authority funding) rollout to areas which would not have been commercially viable. Subsequently, over 87,000 premises in the NECA area, which otherwise would not have been able to access superfast broadband, can now do so.

Current broadband coverage in the NECA area is ahead of the national average for superfast and ultrafast, but behind on gigabit-capable connectivity. The latter means that there is a real risk that we fall behind other areas, impacting our competitiveness.

	Superfast	Ultrafast	Gigabit-capable
NECA average	98.0%	61.6%	6.8%
UK average	96.0%	52.3%	27.0%
Durham	96.5%	27.5%	15.3%
Gateshead	97.9%	74.8%	4.1%
South Tyneside	99.1%	79.5%	1.0%
Sunderland	98.3%	64.5%	6.9%

Mobile coverage is good overall, but with significant gaps. All 4 Local Authorities are engaging with major providers on commercial rollout, while joint working and discussion is taking place across the area on the approach to wayleaves (particularly for social housing) and permits, defects and reinstatement (particularly through the North East Highways and Utilities Committee).

### 4.3 *Gaps and Government Plans*

It is evident that commercial rollout will not get everywhere and the Government's Future Telecoms Infrastructure Strategy identified 20% of the country which would be unlikely to see commercially deployment given it would not be financially viable.

The Government's ambition of 85% of homes having gigabit-capable broadband by 2025 means that they are focussing on delivering to hard to reach areas through the UK Gigabit Programme (£1.2bn of which by 2025). The programme prioritises delivery to premises without superfast

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access and aims to maximise coverage in the harder to reach 20% of the UK.

DCMS have said that the first areas to benefit from Project Gigabit will include a procurement involving County Durham, Gateshead, Northumberland, South Tyneside, Sunderland and Tees Valley (other areas of the North East are to be considered under a later phase). The programme also includes £210m of funding for the Gigabit Broadband Voucher Scheme and £110m to connect up to 7,000 rural GP surgeries, libraries and schools.

A DCMS consultation connectivity for very hard to reach areas closed in June 2021 and DCMS are currently analysing feedback.

Digital Durham are currently working with DCMS and have undertaken an Open Market Review (which they are currently analysing) to ask providers (around 21) about their commercial plans over the next 3 years. This information will be used to define where the hard to reach areas across the NECA area, and wider North East, are in view of a subsequent procurement.

It is likely that the results of this will be available in October/November in view of an Invitation to Tender in November 2021 (although this could potentially be later). Delivery is estimated to begin in Summer 2022 and Digital Durham continue to work collaboratively with other NECA partners to share information.

### 4.4 **Next steps**

There has been excellent progress on broadband coverage following Digital Durham collaboration and the attraction of commercial rollout. There is now a need collaborate further with the private sector and Government to drive gigabit-capable coverage or risk being left behind.

It is essential to work across NECA and NELEP area on the promotion and take-up of digital skills so residents and businesses can maximise opportunities from the digital economy. There are also opportunities to look at projects and programmes coming through the new UK Community Renewal Fund and continue to focus on digital within the Economic Development and Digital Advisory Board (EDDAB). There will



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be regular updates to the EDDAB on the situation with the UK Gigabit Programme.

### **5.0 Reasons for the Proposals**

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

### **6.0 Alternative Options Available**

There are no alternative options associated with this report.

### **7.0 Next Steps and Timetable for Implementation**

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

### **8.0 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.

### **9.0 Financial and Other Resources Implications**

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

### **10.0 Legal Implications**

There are no legal implications arising from this report.

### **11.0 Key Risks**

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

### **12.0 Equality and Diversity**

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

### **13.0 Crime and Disorder**

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

### 14.0 Consultation/Engagement

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

### 15.0 Other Impact of the Proposals

There are no further impacts arising from the proposals.

### 16.0 Appendices

None

### 17.0 Background Papers

None.

### 18.0 Contact Officers

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

Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council

#### Sign off

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

- **Glossary**

None.

## Leadership Board

**Date:** 2 November 2021

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

**Report of:** Finance, Skills & Employability Thematic Portfolio Lead

### Executive Summary

This report seeks to provide an update on current Finance, Skills and Employability portfolio activity and the baseline position for a future 'Skills & Employment' ask for the North East Combined Authority.

Local Government financing remains an issue for careful review. The delay in the publication of the Comprehensive Spending Review to at least December 2021 and the uncertainties the Government's strategy to redress the public finances builds in significant risk and uncertainty to medium financial planning across the sector.

Skills and Employment considerations builds on the wide-ranging activity already underway and provides an opportunity for the Combined Authority to take a lead of Employment & Skills services in the coming years.

Central to the Skills and Employability agenda are the issues of financing particularly the reliance on external funding as we approach the final stages of the current European Structural Investment Fund programme with little detail as yet as to the operation of the UK Shared Prosperity fund after the current Community Renewal Fund pilot exercise, alongside ensuring the ongoing development of good partnership and inter authority working arrangements that have been developed.

### Recommendations

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

#### 1. Background Information

- 1.1 Further to the agreed portfolio leads and the update provided to the Leadership Board in December, 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 spending review announcements in November

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2020 and the Finance Settlement that followed set out the resources that are available for local government for 2021/22. Budgets for NECA and the Joint Transport Committee were agreed in January / February for 2021/22, with indicative budgets set out for future years. Work is ongoing in developing budget proposals for 2022/23 which will be subject to consultation, with detailed budgets to be presented for agreement by the JTC in January 2022 and the Leadership Board in February 2022.

- 2.2 The government has announced that the CSR will be published on 27 October 2021 and that the CSR will cover the three-year period 2022/23 to 2024/25. Government is already indicating that there will be tough choices in relation to investment in public services, particularly in light of the huge budget deficit forecast the country faces as a result of Covid-19 and the ongoing impact of Brexit on the economy.
- 2.3 It is expected that the outcome of the Fair Funding Review (FFR), including the move to 75% Business Rate Retention will be delayed with no expectation of implementation until at least 2023/24. This adds a further layer of uncertainty and complexity to medium term planning for NECA's constituent councils.
- 2.4 Draft proposals for the NECA Corporate budget for 2022/23 and indicative estimates for 2023/24-2024/25 have been prepared and will be reported to the Leadership Board in November. These indicate that contributions to the NECA Corporate Budget and the NECA budget for the fulfilment of the JTC Accountable Body role can be maintained at the current levels for 2022/23, although these will be subject to review for 2023/24 onwards as inflationary pressures, particularly relating to pay, have an impact on the NECA's own budget.
- 2.5 There are significant budgetary pressures in relation to the North East JTC budgets, particularly the Transport levy in Tyne and Wear. This is largely as a result of reductions in passenger numbers on the Tyne and Wear Metro, which are not expected to recover to pre-pandemic levels over the next few years. Draft budget proposals for 2022/23 and the following two years will be presented to the JTC in November.
- 2.6 A regional submission to the CSR was submitted by the JTC, consisting of a "Levelling up" cover letter and brochure setting out some of the priority transport considerations for our region to influence the CSR and levelling up white paper.
- A multi-year settlement with certainty of funding, allowing for stable decision-making and efficient programme management, putting the North East on an equal footing for transport funding with similar English regions;

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- “Capacity funding” so that projects can be properly developed as part of a pre-agreed strategic pipeline;
- Funding and flexibility agreed for the North East to deliver significant improvements to the bus network, together with ticketing initiatives;
- First phases of the Leamside Line to be developed and the return of local rail services to underserved communities in County Durham and Northumberland;
- Confirmation of a previous commitment to £27m revenue (indexed) and £40m capital support grants per annum for 5 years for the successful operation, maintenance and renewal of key assets of the Tyne and Wear Metro;
- Public Transport recovery funding to continue and strategic maintenance budgets increased to address climatic impacts and decarbonise the network;
- Confirmation of NE Active Travel funding supplemented by continued revenue funding to cement behaviour change;
- An increase in investment in zero emission vehicle charging/fuelling infrastructure and zero emission bus funding to facilitate a shift to greener vehicles;

2.7 Government to commit to National Infrastructure priorities such as High Speed 2, Northern Powerhouse Rail and targeted highway improvements.

### 3. Skills Theme

#### 3.1 Digital Exclusion in the North East LEP Area

##### 3.1.1

In March 2021 the North East LEP and its Skills Advisory Panel (SAP) commissioned New Skills Consulting (NSC) to undertake research into the nature and extent of digital exclusion in the North East, focusing primarily on the economic and skills-related impacts of digital exclusion.

##### 3.1.2

Digital skills gaps

According to the 2019 Employer Skills Survey<sup>4</sup>, 20% of North East employers with a skills shortage vacancy said they found computer literacy or basic IT skills difficult to obtain from applicants. 26% said they found advanced or specialist IT skills difficult to obtain.

##### 3.1.3

Top 4 IT skills that need to be improved (North East employers with an IT skills gap)

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- 33% Basic Microsoft Office skills
- 18% Specialist software or hardware / internal systems
- 18% Foundation digital skills
- 17% Advanced Microsoft Office skills

**3.1.4** Despite the importance of digital skills in the workplace, research indicates that employer investment in training in the UK is low compared to other advanced economies and has declined in recent years. Data from Make it Click (2020) shows:

- Fewer than 40% of UK business leaders think employers bear most responsibility for keeping employees' digital skills up to date.
- 38% say employees are responsible and 5% say Government is responsible.
- 20% say they do not have funds to train employees on the job.

**3.1.5** Research shows that many individuals recognise the need to improve their IT and digital skills in order to improve their employability and job prospects.

- 88% Young people who say digital skills will be essential for their future career
- 62% Young people confident they have the basic digital skills employers require
- 18% Young people confident they have the advanced digital skills employers require
- 59% UK employers who say improving digital skills is important to employability post- pandemic
- 57% Furloughed workers who want to improve their digital and IT skills

**3.1.6**

### Recommendations

- High profile education and awareness raising activities
- Address the problem of access to digital devices
- Address the two key connectivity challenges – affordability and rural access
- Develop a common framework for essential basic digital skills
- Short, practical courses and advice delivered in informal, community-based settings
- Prioritise early intervention to develop functional digital skills from a young age
- Embed digital skills into the FE and HE curriculum
- Map provision to employer needs and incentivise investment in the workforce

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### 4 Employment Theme

#### 4.1. Job Retention Scheme (Furlough)

4.1.1 The Coronavirus Job Retention Scheme has been in place since March 2020 and extended until 30 September 2021 with the level of grant available to employers under the scheme staying the same until 30 June 2021.

From 1 July 2021, the level of grant has been reduced and employers asked to contribute towards the cost of furloughed employees' wages. To be eligible for the grant employers have continued to pay furloughed employees 80% of their wages, up to a cap of £2,500 per month for the time they spend on furlough.

4.1.2 The table below represents the cumulative number of jobs furloughed since the start of the scheme in March 2020 up to 30<sup>th</sup> September 2021.

Area	Total employments furloughed - 30 September 21
County Durham	82,800
Gateshead	34,800
South Tyneside	24,400
Sunderland	46,300
North Tyneside	33,200
Northumberland	49,500
Newcastle	47,100

4.1.3 With significant employment still supported by furlough at the end of the scheme, NECA authorities continue to monitor the local labour market and are prepared to offer support if the roles currently supported don't return to normal operations.

## Leadership Board

### 4.2

#### 4.2.1 Kickstart Scheme

The Kickstart Scheme provides funding to create new jobs for 16-24 year olds on Universal Credit who are at risk of long term unemployment. Employers of all sizes can apply for funding until 17 December 2021 which covers:

- 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months
- associated employer National Insurance contributions
- minimum automatic enrolment pension contributions

#### 4.2.2

Employers who apply for a Kickstart Scheme grant before 17 December 2021 may get funding (if approved) for 6 months until 31 March 2022. Further details are anticipated in the spending review statement on 27 October.

### 4.3

#### 4.3.1 £500 million Plan for Jobs Expansion

Workers leaving the furlough scheme and unemployed people over the age of 50 will be helped back into work as part of more than £500m expansion of the government's Plan for Jobs.

#### 4.3.2

Those on the lowest wages will also be helped to progress in their careers and existing schemes targeting young people will be extended into next year as part of the new package which could help hundreds of thousands of people into work.

#### 4.3.3

##### *Helping those on the lowest wages*

Starting in April 2022, the Government is enhancing its programme of support for workers on Universal Credit. More people who are in work on Universal Credit will be able to access work coach support, which will focus on career progression advice, and Job Centre Plus specialists will work with local employers to identify local opportunities for people to progress in work.

#### 4.3.4



## Leadership Board

*Supporting Older Workers to navigate the next stage of their career*

- 4.3.5** Workers over the age of 50 are also set to benefit from a new enhanced support package to help them to stay in and return to work.

- 4.3.6** This new package will ensure older workers will receive better information and guidance on later life planning, helping them make informed choices and supporting them to plan their career and remain in work. For those who have lost their jobs, this funding will ensure that older job seekers on Universal Credit receive more intensive, tailored support as they look to take the next step in their career.

- 4.3.7** The Government is also prioritising support for those coming off furlough and on Universal Credit through the Job Finding Support (JFS) scheme. This scheme provides online, tailored, one-to-one support for people unemployed for less than 3 months, including recruitment advice from a skilled adviser, support with CVs, and, a mock interviews.

- 4.3.8** In addition, the Government is extending the Job Entry Targeted Support Scheme (JETS) to September 2022; this scheme provides tailored support for people who have been unemployed for over three months.

- 4.3.9** *Supporting young people to fulfil their potential*

More young people aged 16-24 and on Universal Credit will be able to benefit from the Kickstart Scheme, which is being extended to March 2022 and will be open to applications from employers and gateways until 17 December 2021. Over 76,900 young people - an average of 3,600 a week - are starting new placements, and this extension will see more young people developing the skills, confidence and experience to support them into long-term sustainable employment.

- 4.3.10** The government is also extending its Youth Offer to 2025 and expanding eligibility to include 16-17 year olds in addition to 18-24 year olds. This provides additional support to unemployed young people on Universal Credit who are searching for work through its Youth Employment Programme, supportive Youth Hubs and specialised employability coaches.

- 4.4** An Apprenticeship offers vital on-the-job training and the chance for apprentices to earn while they learn. We know they work, with around 90% staying in employment or go on to further training.

### The “Levelling Up” Agenda

## Leadership Board

The UK Government are currently placing a strong emphasis on the importance of their “Levelling Up” agenda and policy programme, with the CRF and forthcoming UKSPF being a key part of this work. However, ongoing delays in the award of CRF by Government is now casting uncertainty over proposed provision through to March 2022. More to follow in the next report.

### 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.

### 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 January 2021

### 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	CJRS	Coronavirus Job Retention Scheme
	DWP	Department for work and Pensions
	ESFA	Education and Skills Funding Agency
	JETS	Job Entry Targeted Support
	JSA	Job Seekers Allowance
	UKSPF	UK Shared Prosperity Fund



## Leadership Board

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**Date:** 2 November 2021

**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.

## 1. Background Information

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

### Rail

1.2 A number of new rail services will start to operate in the area over the next few months. From December, Northern will provide a 2 trains per hour service between Carlisle, Hexham and Newcastle and a 3 trains per day service between Chester-le-Street & Durham. Also in December, TransPennine Express will start to operate 5 trains per day between Edinburgh and Newcastle.

1.3 A new provider, Lumo, will also start a new service between Edinburgh, Newcastle and London from 25th of October 2021, initially operating 4 services per day, rising to 10 in the new year.

### Buses

1.4 Further to previous reports, good progress is being made on the Bus Service Improvement Plan (BSIP) and a draft will be presented for approval to the North East Joint Transport Committee on 26<sup>th</sup> October. The Government requires authorities to have a BSIP in place by the end of the month.

1.5 The BSIP is the initial step in development of a formal Enhanced Partnership with operators. This needs to be in place by April 2022 if the region is to have the opportunity of tapping into future funding for both the support of services and improvement of infrastructure.

1.6 The Plan sets out a vision for bus services in the area and identifies key interventions to deliver it; including improved customer experience, simplified fares and ticketing, additional bus priority to improve reliability and punctuality, Park & Ride and the creation of a Bus Passengers Charter.

1.7 In June the Joint Transport Committee submitted an Expression of Interest (EoI) to the Government's 'ZEBRA' initiative, which will provide funding to increase the number of electric buses operating in the area. This has been successful and the JTC will now be drawing up a full bid to Government. The EoI envisaged funding for nearly 80 new buses, the majority of which would be operating wholly or partly in the NECA area.

### Tyne Tunnel

1.8 Work is progressing well on the Tyne Pass Scheme to introduce barrierless travel for Tunnel users. This is due to come into full operation from November 2021 and will modernise the outdated payment system, bringing significant environmental benefits in terms of reduced vehicle emissions and improved air quality.

1.9 During September and October an extensive media and marketing campaign has taken place to let Tunnel users know of the changes and explain how to pay once the barriers are removed. This has included TV, radio, and newspaper adverts, as

well as a social media campaign, engagement with community groups and leaflets being handed out to businesses and to users at the tunnels.

## **Transforming Cities Fund**

- 1.10 Continuing progress is being made with the Transforming Cities programme across the region and, of the 19 Tranche 1 schemes, 17 are now complete and the other 2 are nearing completion. Work is underway on two major Tranche 2 schemes, for Sunderland Central Station redevelopment and Durham Bus Station.

## **Electric Vehicles**

- 1.11 A new electric vehicle charging hub delivered through the Go Ultra Low North East project has been opened at the Angel of the North site in Gateshead.

## **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.

## **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.

## **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:** 2 November 2021

**Subject:** Chair's Update

**Report of:** Chair of the North East Combined Authority

# Verbal update



## Leadership Board

**Date:** 2 November 2021  
**Subject:** NECA Budget 2022/23  
**Report of:** Chief Finance Officer

### Executive Summary

This report sets out budget proposals for 2022/23 for consultation, and indicative estimates for the period 2023/24-2024/25, along with an updated forecast of outturn for 2021/22. The budget proposals will be subject to further consultation and presented to the Leadership Board at its meeting in February 2022 for approval.

In line with the estimates presented to the Leadership Board at its last meeting, the forecast for the 2021/22 financial year is for a deficit of approximately £9,600. This is as a result of lower than forecast investment interest being received due to historically low interest rates. This deficit will be met from the NECA Corporate Reserve in year. The report highlights that budget proposals for 2022/23 are in line with the forecasts set out as part of the Medium-Term Financial Strategy (MTFS) presented to the Leadership Board in February 2021.

Contributions to the NECA Corporate Budget and the NECA budget for fulfilment of the North East Joint Transport Committee (JTC) Accountable Body role will be maintained at the current levels of £25,000 and £10,000 respectively for 2022/23, although these will be subject to review for 2023/24 onwards.

### Recommendations

The Leadership Board is recommended to agree the following proposals to be consulted upon

## 1. Background Information

- 1.1 A report was presented to the Leadership Board in September setting out the draft proposals for 2022/23 and future years and the updated forecast of outturn for the current financial year, 2021/22.
- 1.2 In line with the budget-setting timetable agreed by the Leadership Board in July 2021, this report sets out budget proposals for the NECA Corporate budget and the Accountable Body budget for the provision of this role for the North East Joint Transport Committee (JTC). The draft proposals have been revised for new information since the last report and this report now presents the proposals which will be subject to consultation in line with the NECA constitution.

## 2. Proposals

### 2021/22 Forecast of outturn

- 2.1 The NECA budget for corporate costs is required to support operational costs including staffing employed by NECA, Service Level Agreements (SLAs), independent members allowances and expenses, and supplies and services costs. The report to the Leadership Board on 2 February 2021 set a net NECA Corporate budget for 2021/22 of £202,940 which provided for NECA corporate capacity and to fulfil the JTC Accountable Body role. This is funded from contributions from NECA constituent authorities totalling £100,000 (£25,000 per authority), contributions from JTC constituent authorities totalling £70,000 (£10,000 per authority) and interest income on short term investments.
- 2.2 Interest rates remain at a historically low level of 0.1%. This has had an impact on the level of interest that the authority has been able to achieve on its investments, part of which contributes to the NECA Corporate budget. In September the Bank of England's Monetary Policy Committee (MPC) voted not to increase rates, however it is considered increasingly likely that, should current high levels of inflation be sustained, the MPC may need to increase rates in 2022.
- 2.3 Accordingly, the forecast for investment income receivable in 2021/22 is forecast to be below the budget set for the year in February 2021. The small forecast deficit resulting can be met from the NECA Corporate reserve in year, which is higher than was forecast at the time of setting the budget due to slightly higher investment income received in 2020/21, and totalled £426k at 1 April 2021.
- 2.4 The forecast has been updated on the most recent information and is set out in the table below.



2.5

	NECA Corporate		JTC Accountable Body	
	2021/22 Original Budget	2021/22 Forecast	2021/22 Original Budget	2021/22 Forecast
Employees	49,815	50,687	11,790	11,996
Service Level Agreements	53,000	52,353	75,400	74,622
Independent Members Allowances and expenses	7,000	6,000	0	0
Supplies and Services	5,935	6,935	0	0
<b>Total Expenditure</b>	<b>115,750</b>	<b>115,975</b>	<b>87,190</b>	<b>86,618</b>
NECA Corporate Contributions	(100,000)	(100,000)	0	0
JTC Accountable Body Contributions	0	0	(70,000)	(70,000)
Interest Income	(15,750)	(10,000)	(17,190)	(13,000)
<b>Total Income</b>	<b>(115,750)</b>	<b>(110,000)</b>	<b>(87,190)</b>	<b>(83,000)</b>
<b>Net deficit to fund from reserves</b>	<b>0</b>	<b>5,975</b>	<b>0</b>	<b>3,618</b>

#### Budget Proposals 2022/23 and Estimates for 2023/24 and 2024/25

2.6

Appendix 1 sets out the indicative draft budget for 2022/23, along with Medium Term Financial Strategy estimates for 2023/24 and 2024/25. The constituent authority contributions to the NECA Corporate Budget and to the NECA budget for fulfilment of the JTC Accountable Body role are included at the current levels of £25,000 and £10,000 respectively for 2022/23 and beyond, however, these will need to be subject to review for 2023/24 onwards and is dependent upon investment income recovering to the rates achieved during 2020/21 and balances held being at a sufficient level.

2.7

The proposals set out for consultation are largely in line with draft proposals reported to the Leadership Board in September, but have been updated for the latest available information. On 7 September, the Prime Minister announced a 1.25% increase in National Insurance Contributions payable by employees and employers. This has led to a small increase in the staffing budgets met by the NECA Corporate budget. The increase is applicable from 5 April 2022, so does not have an impact on the forecast for the current year.

#### Reserves

2.8

The Corporate reserve of NECA was £426k at 1 April 2021. After meeting the small in-year deficit for 2021/22, it is forecast to be approximately £415k. Based on current

budgets, this is considered a prudent level of reserves to hold to mitigate against unforeseen costs which may arise specifically in relation to this area of the budget.

- 2.9 Separate reserves are held for Transport activity (including Nexus and the Tyne Tunnels), and decisions on these reserves will be taken by the JTC as part of its own budget considerations.

### **3. Reasons for the Proposals**

- 3.1 This report sets out budget proposals for 2022/23 for the NECA Corporate budget, including fulfilment of its Accountable Body role for the JTC.

- 3.2 The report identifies that NECA Corporate contributions will be maintained at £25,000 per authority and contributions to the JTC Accountable Body role will be maintained at £10,000 per authority in 2022/23 and will be reviewed for 2023/24.

### **4. Alternative Options Available**

- 4.1 The Leadership Board may agree to the proposals set out being taken forward for consultation and, taking into account comments raised as part of the consultation, presented to the Leadership Board for agreement in February 2022.

Alternatively, the Leadership Board may put forward alternative proposals to be consulted upon.

### **5. Next Steps and Timetable for Implementation**

- 5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The proposals will be subject to consultation with the Leadership Board, Overview and Scrutiny Committee and officer groups. The results of the consultation will be taken into account in the preparation of the final budget proposals presented to the Leadership Board for agreement at its meeting in February 2022.

### **6. Potential Impact on Objectives**

- 6.1 The budget and medium-term financial strategy 2022/23 to 2024/25 has been and will continue to be prepared to reflect the objectives of the Authority and feedback from constituent authorities. Future reports will set out the revenue and capital budget proposals in detail for agreement that will help deliver the objectives of the Authority.

### **7. Financial and Other Resources Implications**

- 7.1 The financial and other resources implications are set out in the main body of the report.

### **8. Legal Implications**

8.1 The budget must be approved unanimously in accordance with the requirements of the NECA Order and the NECA Constitution.

## 9. Key Risks

9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

## 10. Equality and Diversity

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

## 11. Crime and Disorder

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

## 12. Consultation/Engagement

12.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Leadership Board, Overview and Scrutiny Committee and officer groups. Comments raised as part of the consultation process will be taken into account in the preparation of the final reports.

## 13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

## 14. Appendices

14.1 Appendix 1 – NECA Corporate and JTC Accountable Body Budget estimates 2022/23-2023/24.

## 15. Background Papers

15.1 NECA Constitution

## 16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,  
[Eleanor.goodman@northeastca.gov.uk](mailto:Eleanor.goodman@northeastca.gov.uk), 0191 433 3860

## 17. Sign Off

- 17.1
- Head of Paid Service: ✓
  - Monitoring Officer: ✓



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

- Chief Finance Officer: ✓

**Appendix 1 – NECA Corporate and JTC Accountable Body Budget Proposals 2022/23-2024/25**

	2022/23 Proposed Budget			2023/24 Draft Budget			2024/25 Draft Budget		
	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total
<b>Expenditure</b>									
Employees	53,580	13,230	<b>66,810</b>	54,120	13,400	<b>67,520</b>	54,660	13,530	<b>68,190</b>
Service Level Agreements	53,530	76,160	<b>129,690</b>	54,070	76,910	<b>130,980</b>	54,600	77,680	<b>132,280</b>
Independent Members Allowances	7,000	0	<b>7,000</b>	7,000	0	<b>7,000</b>	7,000	0	<b>7,000</b>
Supplies and Services	7,000	0	<b>7,000</b>	7,000	0	<b>7,000</b>	7,000	0	<b>7,000</b>
<b>Total Expenditure</b>	<b>121,110</b>	<b>89,390</b>	<b>210,500</b>	<b>122,190</b>	<b>90,310</b>	<b>212,500</b>	<b>123,260</b>	<b>91,210</b>	<b>214,470</b>
<b>Income</b>									
NECA Corporate Contributions	(100,000)	0	<b>(100,000)</b>	(100,000)	0	<b>(100,000)</b>	(100,000)	0	<b>(100,000)</b>
JTC Accountable Body Contributions	0	(70,000)	<b>(70,000)</b>	0	(70,000)	<b>(70,000)</b>	0	(70,000)	<b>(70,000)</b>
Interest Income	(20,000)	(19,000)	<b>(40,000)</b>	(20,000)	(20,000)	<b>(40,000)</b>	(22,000)	(20,000)	<b>(42,000)</b>
<b>Total Income</b>	<b>(120,000)</b>	<b>(89,000)</b>	<b>(209,000)</b>	<b>(120,000)</b>	<b>(90,000)</b>	<b>(210,000)</b>	<b>(122,000)</b>	<b>(90,000)</b>	<b>(212,000)</b>
<b>Net (to)/from Corporate Reserve</b>	<b>1,110</b>	<b>390</b>	<b>1,500</b>	<b>2,190</b>	<b>310</b>	<b>2,500</b>	<b>1,260</b>	<b>1,210</b>	<b>2,470</b>



## **Leadership Board**

**Date:** 2 November 2021

**Subject:** Appointment of NECA's Committees – Update

**Report of:** Monitoring Officer (Core)

### **Executive Summary**

This report seeks agreement to the appointment of Members to the North East Combined Authority (NECA) Overview and Scrutiny Committee and Audit and Standards Committee. At the June Annual General Meeting there was a request for the political representation on these committees to be reviewed while still maintaining overall political balance in representation.

### **Recommendations**

The Leadership Board is recommended to:

- i. Accept the nominations for the membership of the committee and sub-committees, which have been received from the constituent local authorities for the municipal year 2021/22, as set out in Appendix A (parts A & B).

## **1. Background Information**

- 1.1 The North East Combined Authority (NECA) was created pursuant to the Local Democracy, Economic Development and Construction Act 2009 and by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014, which came into force on 15 April 2014.
- 1.2 On the 2 November 2018, the boundaries of NECA were amended to cover the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland and on 13 November 2018, NECA was reconstituted accordingly.
- 1.3 NECA's Constitution prescribes the committee structure, which complies with the legal requirements including the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (the Overview and Scrutiny Order).
- 1.4 Complying with requirements of the Overview and Scrutiny Order, NECA implemented the following arrangements, and these should continue:
  - A call-in of decisions;
  - Overview and Scrutiny Committee and Audit and Standards Committee reflecting the political balance across the NECA area;
  - The Chairs of the Overview and Scrutiny Committee and Audit and Standards Committee are independent persons. Alternatively these could be Members who are not from the majority political party; and
  - Appointment of a Scrutiny Officer who is not employed by a constituent authority.
- 1.5 The legislation creating the North of Tyne mayoral combined authority for the areas of Newcastle upon Tyne, North Tyneside and Northumberland required the establishment of a Joint Transport Committee by the two combined authorities to discharge certain transport functions.

## **2. NECA Committees, Municipal Year 2021/22**

- 2.1 Listed below are the committees for the municipal year 2021/22:

- 1) Leadership Board, NECA's principal decision-making body;



- 2) Audit and Standards Committee, a committee to discharge responsibilities in relation to matters concerning standards, risk management and audit (previously titled Governance Committee);
- 3) Economic Development and Digital Advisory Board (EDDAB), a committee to advise the Leadership Board on matters arising in relation to economic development and regeneration;
- 4) Overview and Scrutiny Committee, a committee to scrutinise and challenge all matters within the remit of the Combined Authority and to investigate matters of significant importance to residents within the NECA areas

2.2 The above committees may also constitute sub-committees in accordance with their terms of reference set out in the NECA Constitution.

#### **4. Committee Membership, Municipal Year 2021/22**

4.1 The Leadership Board is invited to confirm the appointments of the NECA Audit and Standards and Overview and Scrutiny Committees as set out in Appendix A (parts A & B). In confirming the appointments, the Leadership Board is invited to note that it is a requirement under the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 that the Audit and Standards Committee and the Overview and Scrutiny Committee reflect the political balance of the North East Combined Authority area. Appendix A sets out this position. The Constituent local authorities have been invited to submit their nominations in accordance with the requirements of political balance. In the event that these nominations are not received before the meeting they can be confirmed as in-year nominations by the Monitoring Officer under constitutional delegations in the normal way. At the June Annual General Meeting there was a request for the political representation on these committees to be reviewed while still maintaining overall political balance in representation.

#### **5. Proposals**

5.1 The Leadership Board is invited to approve the proposed committee membership.

#### **6. Reasons for the Proposals**

6.1 The proposals will enable NECA to operate effectively and in accordance with all applicable law and NECA's Constitution.

## **7. Alternative Options Available**

7.1 **Option 1:** The proposals as set out in the recommendations and appendices.

**Option 2:** To nominate alternative Members and Substitute Members.

## **8. Next Steps and Timetable for Implementation**

8.1 The committee structure will be published on NECA's website and all stakeholders informed, as soon as practicably possible.

8.2 An induction will be offered to any new Members.

## **9. Potential Impact on Objectives**

9.1 The appointments will enable NECA to properly discharge its functions, thereby assisting in the delivery on its objectives

## **10. Financial and Other Resources Implications**

10.1 The provision of the support arrangements for NECA is contained within the existing financial resources available to NECA. Any allowances paid to Members from the constituent local authorities in attending a committee will be a matter for each of the constituent local authorities and their respective remuneration panels.

## **11. Legal Implications**

11.1 NECA is required to make arrangements to enable relevant decision-making responsibilities, overview and scrutiny arrangements and associated functions to be fulfilled. These responsibilities arise under The Local Government Act 1972, in addition to various aspects of finance and audit legislation and the Localism Act 2011, as well as the provisions of the Order creating NECA and the recent Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018, the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 and the Openness of Local Government Bodies Regulations 2014. The proposals set out in the report comply with these requirements.

## **12. Key Risks**

- 12.1 There are no specific risk management implications arising from this report.

## **13. Equality and Diversity**

- 13.1 There are no specific equality and diversity implications arising from this report, however, the Leadership Board will be mindful of the advantages of gender balance on boards and committees.

## **14. Other Impact of the Proposals**

- 14.1 The proposals comply with the principles of decision-making. The proposals would enable NECA to properly discharge its functions, therefore assisting NECA in delivering on its objectives. Relevant consultation processes have been held where applicable.

## **15. Appendices**

- 15.1 Appendix A: NECA Audit and Standards and Overview and Scrutiny Committee Membership 2021/22.

## **16. Background Papers**

Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 <http://www.legislation.gov.uk>

Openness of Local Government Bodies Regulations 2014  
<http://www.legislation.gov.uk>

The Constitution of the North East Combined Authority  
<https://northeastca.gov.uk/about-us/neca-order-and-constitution/>

Reports to, and the Minutes of, the annual meetings of the Leadership Board in the previous municipal years  
<https://northeastca.gov.uk/decision-making/north-east-leadership-board/>

The Sub-national Transport Body (Transport for the North) Regulations 2018  
<http://www.legislation.gov.uk/uksi/2018/103/contents/made>

## **17. Contact Officers**

17.1 Nicola Robason, Monitoring Officer (Core)  
E-mail: [nicola.robason@northeastca.gov.uk](mailto:nicola.robason@northeastca.gov.uk) Tel: 0191 424 7186

## 18. Sign off

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

## 19. Glossary

EDDAB – Economic Development and Digital Advisory Board  
NECA – North East Combined Authority

## Municipal Year 2021/22 Committee membership

### A. Audit and Standards Committee

**Membership:** 6 (one Member from each constituent local authority and two non-voting Co-opted Independent Members who will act as Chair and Vice-Chair), and also 1 Independent Person for the purpose of the Standards Regime, who is invited to observe meetings.

**Political balance:** 4 (3+1)

Authority	Political Affiliation (Member)	Political Affiliation (Substitute Member)
Durham	Councillor Tracie Smith (Labour)	Councillor Louise Fenwick (Labour)
Gateshead	Councillor Ron Beadle (Lib Dem)	Councillor Jonathan Wallace (Lib Dem)
South Tyneside	Councillor Audrey Huntley (Labour)	Councillor Sandra Duncan (Labour)
Sunderland	Councillor Antony Mullen (Conservative)	Councillor James Doyle (Conservative)
<b>Non-voting Co-opted Independent Member</b>		
Independent Member, Chair	Mr Mark Scrimshaw ( <b>Chair</b> )	
Independent Member, Vice-Chair	Mr George John Clark ( <b>Vice-Chair</b> )	
<b>Independent Person</b>		
Independent Person	Ms Stella Gardner	

### B. Overview and Scrutiny Committee

**Membership:** 8, and also 2 non-voting Independent Members who will act as Chair and Vice-Chair (two Members from each constituent local authority, who are not Members of the Leadership Board or any other committee of the Combined Authority, plus a non-voting Independent Co-opted Member who will be the Chair and a non-voting Independent Co-opted Member who will be the Vice-Chair).

**Political balance:** 8 (6+1+1)

Authority	Political Affiliation (Member)	Political Affiliation (Substitute Members)
Independent Person (non-voting), Chair	Mr David Taylor-Gooby ( <b>Chair</b> )	Not applicable
Independent Person (non-voting), Vice-Chair	Mr Simon Hart ( <b>Vice-Chair</b> )	Not applicable
Durham	Councillor Craig Martin (Lib Dem)	Councillor Bev Coult (Lib Dem)
	Councillor Chris Lines (Ind)	Councillor Bill Moist (Ind)

Gateshead	Councillor John Eagle (Labour)	Vacancy (Labour)
	Councillor Brenda Clelland (Labour)	Vacancy (Labour)
South Tyneside	Councillor Wilf Flynn (Labour)	Councillor Eileen Leask (Labour)
	Councillor Geraldine Kilgour (Labour)	Councillor Joe Amar (Labour)
Sunderland	Councillor Michael Hartnack (Conservatives)	Councillor James Doyle (Conservatives)
	Councillor Doris MacKnight (Labour)	Councillor Diane Snowdon (Labour)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

## Agenda Item 11

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

## Agenda Item 12

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