

Leadership Board

Tuesday 3 September 2019 at 2.00pm

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

www.northeastca.gov.uk

AGENDA

	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 23 July 2019	1-6
For approval as a correct record	
4. Announcements from the Chair	
5. Chair Thematic Portfolio Update	7-12
6. Economic Development and Digital Thematic Portfolio Update	13-22
7. Finance and Skills & Employability Thematic Portfolio Update	23-32
8. Transport Thematic Portfolio Update	33-38

- | | |
|---|--------------|
| 9. General Economic Update | 39-46 |
| 10. Budget Process and Timetable 2020/21 | 47-56 |
| 11. Emerging Policy Intentions of Central Government | 57-78 |

12. Exclusion of Press and Public

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied

13. Confidential Minutes of the Previous Meeting held on 23 July 2019

14. Date and Time of Next Meeting: 5 November 2019 at 2.00pm

Contact Officer: Karen Connolly Tel: 0191 4247691
Email: karen.connolly@southtyneside.gov.uk

To All Members

North East Combined Authority, Leadership Board

23 July 2019

Agenda Item 3

(2.00 - 2.30 pm)

Meeting held at Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

Present:

Councillor : I Malcolm (Chair)

Councillors: G Miller, S Henig and C Donovan

1. APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillor M Gannon.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF THE MEETING HELD ON 4 JUNE 2019

The minutes of the previous meeting held on 4 June 2019 were approved as a correct record.

4. ANNOUNCEMENTS FROM THE CHAIR

There were no announcements from the Chair.

5. CHAIR THEMATIC PORTFOLIO UPDATE

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

The Chair referred to work which was ongoing to develop a NECA stakeholder engagement strategy which would be closely aligned to the Combined Authority's overarching economic, social and environmental ambitions. The Chair had met with the new Mayor of the North of Tyne Combined Authority, Mayor Driscoll to discuss and understand the priorities for North of Tyne Combined Authority. They had

agreed that joint working was essential on certain initiatives which would work better across the seven local authorities. This could be particularly relevant when promoting the areas cultural and tourism strengths.

The INEE service is the joint inward investment service, working across the NTCA and NECA areas, which drives strong performance in securing inward investment for new companies which is critical in creating jobs and growth for the region. It was proposed that both Combined Authorities would meet annually with the INEE Director to allow for the opportunity to review performance and direct the services activities for the coming year.

A meeting was arranged with the Chair and officers from the North East Local Enterprise Partnership (NELEP) to discuss the continuation of the NECA working with the LEP to promote and develop economic growth in the region.

Bi-annual meetings had been agreed with Natalie Burn, Deputy Director UK Regions and Northern Powerhouse lead at the Department for International Trade to review successes and share strategic priorities.

Economic Development Officers were working on a prospectus, they were requested to start discussions with North of Tyne colleagues on how the two Combined Authorities will work together and what should be done prior to its submission to the Board in September.

RESOLVED – That:

- (i) the update be noted and
- (ii) Economic Development officers start discussions with North of Tyne colleagues on how the two Combined Authorities will work together.

6. ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE

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

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

The Chair reported that the region had benefited from improved job creation arising from Foreign Direct Investment (FDI) inward investment successes for 2018/19. When the inward investment projects from the new UK companies are included, the Inward North East England (INEE) area recorded a 1% increase in project numbers and a 69% increase in new jobs created compared with 2017/18. The North East Local Enterprise Partnership was outperforming most regions in relation to the numbers of new jobs being created.

The INEE is currently re-tendering for the Lead Generation Contract. This contract has been successful in leading to projects totalling over 1,000 potential jobs being put on INEE's pipeline and has led to a number of visits to the region, including two

small investment successes. Details of the specification for the new contract were presented in the report.

The report provided a detailed update on the current position and work undertaken in relation to the European Regional Development Fund and the European Social Fund.

RESOLVED – That the update be noted.

7. FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

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

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

RESOLVED – That the update be noted.

8. TRANSPORT THEMATIC PORTFOLIO UPDATE

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

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

The High Speed Rail HS2 position will need to be closely monitored as the impending change in national political leadership could have implications for projects such as this. This is an important strategic project for the area and representations and responses will be prepared where appropriate.

Transport for the North (TfN) have agreed on proposals for schemes in the NECA area for implementation over the period 2020-2025. These include:

- Durham Northern Relief Road;
- Sunderland Strategic Transport corridor phase 4 and
- Tyne Bridge major maintenance (Jointly with North of Tyne).

The proposals will be submitted to the TfN Partnership Board for approval at the end of July, following this they will be submitted to Government for their consideration.

Work has commenced on Testos/Downhill Lane improvements to the A19, in addition work is also underway on the A19 to install an additional northbound lane between the Lindisfarne Junction and the Tyne Tunnel. The proposed improvements to the A66 to provide a dual carriageway along its entire length, are not yet at the option selection stage. The announcement on a preferred route is expected in Spring 2020.

A bid was to be submitted to the Transforming Cities Fund – Developing Tranche 2 Programme which included proposals to improve and connect the Metro across the whole of the region. The Department for Transport is considering the bids received and initial feedback is expected in August.

RESOLVED – That the update be noted.

9. AUDIT COMPLETION REPORT

Submitted: Report of the External Auditor, Mazars (previously circulated and copy attached to the official minutes)

The External Auditor introduced the Audit completion report, the external audit was largely completed and subject to the satisfactory completion of outstanding work the Auditor's confirmed that they were anticipating the issuing of an unqualified opinion on the NECA financial statements, without modification. They also anticipated concluding that NECA had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The Audit took into account the changes to the Combined Authorities in forming NOTCA and NECA on 2 November 2018 which led to a split in the accounts. This was particularly complex due to the devolution changes in the transport arrangements.

It was noted that MAZARS were also anticipating the issuing of an unqualified opinion on the NEXUS accounts and value for money, subject to the completion of the outstanding work.

The report had also been considered by the NECA Audit and Standards Committee on 22 July 2019.

He expressed his thanks to the accounting team for their assistance during the audit.

RESOLVED – That the position of the Audit be noted.

10. STATEMENT OF ACCOUNTS 2018/19

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

Members considered the report which set out the Draft Statement of Annual Accounts 2018/19, Chief Finance Officer's Narrative Report for the Year ended 31 March 2019, Annual Governance Statement 2018/19 and Draft Audit Completion Report.

The documents had been considered by the NECA Audit and Standards Committee on 22 July 2019.

It was noted that MAZARS were anticipating the issuing of an unqualified opinion on

the accounts and an unqualified value for money opinion today, 23 July 2019, subject to the completion of the outstanding work.

Members noted updates and adjustments from MAZARS, the External Auditor for NECA and from the Chief Finance Officer, as presented at the meeting.

This year the accounting process has been more complex due to the devolution changes in the transport arrangements and membership of NECA which came into effect from 2 November 2018. This led to a longer process in making adjustments.

The Chief Finance Officer thanked staff of NECA and MAZARS for their work in such a particularly complex financial year.

RESOLVED – That:

- i. Approval be given to the Chief Finance officer to sign the letter of Representation on behalf of the Authority;
- ii. Approval be given to the Statement of Accounts for 2018/19, taking into account the views from the Audit and Standards Committee;
- iii. Councillor Iain Malcolm, Chair of the Leadership Board and Mr John Hewitt the Chief Finance Officer be authorised to sign the Statement of Accounts 2018/19 on behalf of the North East Combined Authority;
- iv. Approval be given to the Annual Governance Statement and
- v. Councillor Iain Malcolm, Chair of the Leadership Board and Mr Martin Swales the Head of Paid Service be authorised to sign the Annual Governance Statement on behalf of the North East Combined Authority.

11. REVENUE CAPITAL UPDATE 2019/20

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

Members considered an update on the overall NECA Revenue and Capital Programme Budgets for 2019/20. The report included updated forecasts of income and expenditure for the current financial year.

RESOLVED – That the updated position on the NECA Revenue and Capital Programme Budgets for 2019/20 be noted.

12. NORTH EAST BREXIT PREPARATIONS

Submitted: Report of the Chair of NECA (previously circulated and copy attached to the Official Minutes)

The report set out the position of the work which was underway to best understand and prepare for the potential impacts from the UK's exit from the European Union. In particular the report focused on the North East regional impacts.

The work had been focussed upon:

- Policy and Evidence
- Engagement and Liaison and
- Support for Businesses.

Each Local Authority in the region has also prepared a Brexit operational plan which considers the effect of different Brexit outcomes.

RESOLVED – That the position of preparing for Brexit be noted.

13. DATE AND TIME OF NEXT MEETING

Tuesday 3 September 2019 at 2pm at Sunderland Civic Centre, Sunderland.

14. EXCLUSION OF PRESS AND PUBLIC

By virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, the press and public were excluded from the remainder of the meeting for consideration of agenda item 14 (North East LEP LGF Programme Funding Approvals and Update), because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

Leadership Board

Date: 3 September 2019

Agenda Item 5

Subject: Chair's Portfolio Update

Report of: Chair of the North East Combined Authority

Executive Summary

This report provides an update on activity across the Chair's portfolio. It is provided for information and sets out recent activity associated with managing strategic relationships and developing a programme of NECA wide interventions.

Recommendations

It is recommended that the Leadership Board note the contents of the report.

1. Background Information

- 1.1 Whilst the core activities of NECA are driven forward by the three strategic themes, the Chair's portfolio ensures that the Combined Authority is well positioned inter-regionally, nationally and internationally to influence policy, lever external investment and create jobs for local people.
- 1.2 A prominent element of the Chair's activity is therefore to establish, grow and maintain strategic relationships with those individuals, groups and organisations that can help achieve these aims.

2. Strategic Relationships

- 2.1 The Chair's update at Leadership Board on 23 July outlined the scope and outcomes from initial discussions that had taken place with the Mayor of North of Tyne Combined Authority (NTCA). As reported in July, these discussions had been extremely positive and will be followed up in the coming months to explore a range of discrete initiatives that can be taken forward at a seven local authority geography complementing the work already going on across the North East in relation to Transport Strategy and in support of the North East Local Enterprise Partnership.

3. Trade and Investment

- 3.1 Since the July meeting of the Leadership Board, a meeting has taken place with senior officials at the Department for International Trade (DIT) who operate from the Northern Powerhouse office.
- 3.2 This meeting provided an opportunity to update DIT officials on the emerging priorities of NECA and the key issues emerging from the work of the three portfolio themes. Representatives from Invest North East England (INEE) were also present at the meeting and this provided an opportunity to highlight the performance of INEE and explore opportunities for strengthening collaborative working.
- 3.3 The Leadership Board will recall that the proposed new arrangements for delivering the Trade Contract were highlighted. The meeting with DIT officials was a good opportunity to raise concerns about the contract and in particular the decision that it operate at a NPH level. The contract is currently delivered by NE Chamber of Commerce at a regional level. It is also proposed that the new service will introduce a Diagnostic and Brokerage service which will be

focused on high growth businesses; those with a turnover in excess of £500,000. This would disadvantage the majority of North east businesses that would be ineligible for this service.

- 3.3 DIT has now published its schedule of trade missions and it was agreed that officers would continue to discuss opportunities for these to be promoted to NECA businesses. An opportunity to work together to promote investment in the NECA area's strategic employment sites was also discussed.
- 3.4 It was agreed that another meeting would be scheduled for six months' time.

4. North East Local Enterprise Partnership

- 4.1 A meeting took place on Tuesday 30 July with the NECA Chair, NECA Head of Paid Service, Andrew Hodgson and Helen Golightly from the North East Local Enterprise Partnership (NELEP) to continue the NECA and NELEP working together discussions to promote and develop economic growth.
- 4.2 At the meeting, much time was spent discussing the North East Local Industrial Strategy and how NECA, working with government, will maximise the North East's contribution to UK productivity and specifically areas where NECA can contribute to the UK's Grand Challenges and Sector Deals.
- 4.3 It was agreed that another meeting would be scheduled over the coming months.

5. Communications

- 5.1 In order to contribute to the raising of NECA's profile and enhance our reputation and ensuring the NECA brand is strong and recognisable, regionally and nationally, the Chair continues to prioritise the building of relationships for NECA, particularly within Parliament. The NECA Leadership Board has written to the new Prime Minister and key senior Ministers to build the NECA profile and to brief them on NECA's key priorities.

6. Proposals

- 6.1 The Leadership Board is invited to note and comment on the activity contained in this report.

7. Reasons for the Proposals

7.1 The activities contained in this report will ensure the NECA area remains well positioned to take advantage of opportunities for investment as they arise.

8. Alternative Options Available

8.1 There are no alternative options available.

9. Next Steps and Timetable for Implementation

9.1 The activities in this report will be taken forward working with colleagues across the NECA and wider North East area. Further up-dates will be provided to the NECA Leadership Board.

10. Potential Impact on Objectives

10.1 The activity will best support NECA in meeting its aims and aspirations for a strong and growing north east economy.

11. Financial and Other Resources Implications

11.1 There are no direct financial, HR or ICT implications associated with this report.

12. Legal Implications

12.1 There are no legal implications arising directly from this report.

13. Key Risks

13.1 There are no risks arising as a result of the proposals.

14. Equality and Diversity

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

15. Other Impact of the Proposals

15.1 The up-date will assist NECA in delivering on its objectives.

16. Appendices

16.1 None

17. Contact Officers

17.1 George Mansbridge, Acting Corporate Director, Economic Regeneration,
South Tyneside Council
E-mail: george.mansbridge@southtyneside.gov.uk Tel: 0191 424 7969

17. Sign off

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

18. Glossary

- NECA - North East Combined Authority
- North East LEP or LEP - North East Local Enterprise Partnership
- ERDF – European Regional Development Fund
- DIT – Department for International Trade

Leadership Board

Date: 3 September 2019

Agenda Item 6

Subject: Economic Development and Digital Thematic Update

Report of: Economic Development and Digital Thematic Lead

Executive Summary

The purpose of this report is to up-date the Leadership Board on the activities within the Economic Development and Digital Theme.

The report provides an overview of activity of Invest North East England (INEE); an update on the development of the NELEP Local Industrial Strategy; and an overview of the current activity within the European Structural and Investment Fund (ESIF) programme – including European Development Fund and European Social Fund grant allocations and commitments and ongoing bids and calls.

The report also provides an update on the Strength in Places Fund and an overview of the latest position with regards to Brexit and the withdrawal agreement.

Recommendations

Leadership Board members are requested to note and provide any comments on the update report.

Leadership Board

1. Invest North East England (INEE)

1.1 Investment Successes and Projects

The Board received a comprehensive INEE update at its last meeting covering inward investment success for 2018/19, current enquires, marketing and communications plans for this financial year, as well as a snapshot of the INEE team's presence at and sponsorship of key events.

1,713 jobs were created through 52 investment projects in the NECA area in 2018/19 and figures for the first quarter of 2019/20 will be available for the Board's next meeting.

1.2 Lead Generation Contract

As outlined in the previous update to the Board, the sourcing of completely new leads for the North East is an important part of INEE's activity, adding value to the NECA's local authorities' own activities.

INEE's first lead generation contract with OCO Global was completed recently. It was focused in the main on digital and professional services companies in London and the South East but also identified manufacturing projects and a number of projects from overseas.

The contract has been re-tendered and has again been secured by OCO Global. The new contract commenced in July with an amended specification which focuses on:

- Companies in the Financial Professional and Business Services (FPBS) and the digital & technology sectors, which have a base in London, the South East of England, Northern Ireland, or the Republic of Ireland, and who would consider the INEE area as a potential area for re-location or opening a new facility.
- UK-based advanced manufacturing companies operating in one or more of the North East's key manufacturing sub sectors including:
 - automotive (especially electrical vehicles and supporting technology companies, including R+D functions)
 - energy (including offshore wind technologies)
 - food and drink.

Whilst these are the primary target sectors/markets, projects outside of these broad sectors, but in line with any of INEE's other key sectors, will be sought.

Leadership Board

The five key sectors are:

- Digital and Tech
- Energy
- Life Sciences
- Automotive and Advanced Manufacturing
- FPBS.

2. Local Industrial Strategies

2.1 The Government has requested that Local Industrial Strategies are developed by Local Enterprise Partnerships – and in some cases Mayoral Combined Authorities – and submitted for refinement and eventual approval. Guidance published by Government in October 2018 highlighted that “Local Industrial Strategies will be long-term, based on clear evidence and aligned to the national Industrial Strategy”.

2.2 LIS’s will inform priorities and allocations for significant funding streams including the UK Shared Prosperity Fund, which it is planned will replace EU funding once the UK has exited the European Union. Already, smaller funding streams that have been created are requiring that proposals are aligned with LIS’s.

2.3 LIS’s need to link strongly to the Government’s Industrial Strategy whose aim is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK.

2.4 The NELEP Local Industrial Strategy

The NELEP LIS is being developed in partnership and facilitated by the NELEP team. NECA has representation on both the Steering Group and the Working Group. Significant evidence pieces have been produced to feed into the LIS, most importantly a review of productivity by Steer and Cambridge Econometrics and a review of Sectors, Competencies and Assets by Technopolis.

2.5 This draft LIS builds on the North East’s strengths and assets through five key priority themes:

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

Leadership Board

2.6 Within these themes the draft identifies how the North East will make its contribution to the programmes and priorities set out in the UK Industrial Strategy – through Sector Deals, Grand Challenges and the Foundations of Productivity. Through the LIS a range of priorities for support will be identified including through Government funding schemes, private investment, and regional and local resources, including the forthcoming UK Shared Prosperity Fund. It is being viewed as a delivery plan for the North East Strategic Economic Plan (SEP). Submission and approval is now expected to take place in the autumn.

2.7 **Developing NECA content for the LIS**

NECA Leaders, supported by their Chief Executives have provided strategic guidance to Economic Directors and Heads of Transport in developing content for the LIS. This is now being worked into the draft.

3. **European Structural and Investment Funds (ESIF)**

3.1 The European Structural and Investment Fund (ESIF) programme continues to be delivered in the North East. The region is split into two areas: (1) More Developed (Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland); and (2) Transition (County Durham). An update on European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development is provided below.

3.2 ***European Regional Development Fund (ERDF)***

The notional allocation for the More Developed area is £176.9m, and in the Transition Area is £86.3m; a total for the North East LEP (NELEP) area of £263.2m. The NELEP area now has a total project pipeline of c£204m representing 77% of the total allocation. Approximately £168m of this pipeline is legally committed with a further £35m of applications under appraisal.

3.3 In order to ensure that new projects can come forward for the remaining resource, MHCLG launched 5 new calls for projects on 30 June 2019, with a deadline for outline applications of 30 September 2019. A regional event to promote the ERDF calls, organised by the NELEP, took place on 11 July 2019.

The calls are as follows:

- Priority Axis 1 [Research and Innovation](#) - £10.8m available (£6.9m More Developed / £3.9m Transition)
- Priority Axis 3 [SME support](#) - £21.4m available (£10.6 More Developed / £10.8m Transition)
- Priority Axis 4 [Low Carbon](#) - £18.1m available (£1m More Developed /

Leadership Board

£17.1m Transition)

- Priority Axis 5 [Climate change](#) - £1m available More Developed only
- Priority Axis 4 and 5 [Sustainable Urban Development \(Low Carbon and Climate Control\)](#) - £7m Low Carbon / £2m Climate Control – More Developed only.

3.4 The Government has confirmed that it will guarantee funding for ERDF projects that are contracted by the end of 2020. All contracted ERDF projects must be completed by the end of the programme period, 30 June 2023. Each application for ERDF will be required to demonstrate that it delivers good value for money and domestic strategic priorities.

3.5 **European Social Fund (ESF)**

Across the NELEP area there is a notional allocation of £224.7m (More Developed £161.3m, Transition £63.4m). At this point, over £89m has been legally committed in the More Developed Area (55%) and over £47m in the Transition Area (74%). Commitment level estimates, including pipeline applications, would bring this level up to 64% in the More Developed Area and 92% in the Transition Area. Significant resource (c. £70m) remains to be allocated, c.£20m under Priority 1 – Inclusive labour markets and c.£50m under Priority 2 - Skills for Growth.

3.6 A joint North East LEP and Local Authority event was held in January 2019 to inform the future Skills for Growth calls. This was followed by two further workshops in February 2019 to develop potential proposals and promote collaboration between local organisations, prior to calls being launched in spring 2019. A further pre-call consultation event took place on 21 March 2019 focusing on Inclusive labour markets (i.e. targeting those individuals furthest from the labour market).

3.7 As outlined in the previous update in July 2019, the DWP issued an ESF Skills for Growth project call in the NELEP area. The deadline for applications was 27 August 2019.

Approximately £27.16m of ESF is available under

- (2.1) Enhancing equal access to lifelong learning - £17m for More Developed area, £3m for Transition (Durham). Preference for projects over £5m ESF.
- (2.2) Improving the labour market relevance of education and training systems - £6m More Developed area, £1.16m Transition.

3.8 A regional event was organised by the NELEP and North East Technical

Leadership Board

Assistance Project on 14 June to promote the call to regional partners. This was attended by 65 delegates and as a result 5 large consortia projects, led by universities, colleges and industry/training partners, are being developed.

3.9 On 27 June 2019, the DWP issued an ESF Inclusive Labour Market project call in the NELEP area focused on the Sustainable Integration of Young People in the Labour market. Details are as follows:

- Deadline - 5 September 2019
- Applications must be submitted via the ECLAIMS system
- Approximately £9m of ESF is available under
 - (1.2) Sustainable Integration of Young People in the Labour market in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee - £3m More Developed area, £6m Transition. Projects must meet a Minimum Application Value.
- All ESF projects must be completed by December 2023 (projects must be completed no later than 3 years and 6 months after the proposed project start date).

3.10 Further ESF calls are expected to be issued between September and November 2019 in order to deploy the North East LEP area's remaining allocation.

4. Strength in Places Fund

4.1 The previous update provided information on the Strength in Places Fund - a competitive funding scheme launched in 2018 that takes a place-based approach to research and innovation funding, to support local economic growth.

4.2 It was confirmed in the previous update that in Wave 1, 23 bids had been invited to develop full stage applications to be submitted in September 2019, with two of these bids in the NECA area: NE-CHAIN and CESAM.

4.3 Strength in Places Wave 2 was launched in May 2019 and the deadline for expressions of interest (Eoi) is 9 October 2019.

4.4 The North East LEP held an event on 18 July for partners interested in forming consortia to bid.

Leadership Board

5. Brexit

- 5.1 Following the EU granting an extension to Article 50, there remains a legal default date on which a “No Deal EU Exit” could occur. If a Withdrawal Agreement has not been approved by both sides by the autumn, then the UK will exit the EU on 31 October 2019, unless a further extension is granted.
- 5.2 This Board last met on 23 July and Boris Johnson took office as Prime Minister on 24 July. His Government is currently sending out strong messages about the need to plan for a No Deal EU exit and has made it clear that it has no intention of seeking an extension to Article 50. This is seen as an essential part of its negotiating stance in seeking a new withdrawal agreement. However, the EU negotiators’ recent responses to UK Government announcements regarding changes to the current Withdrawal Agreement (which has been rejected three times by the UK Parliament) have clearly indicated that no changes would be accepted. Specifically, the UK Government has said that the “Irish Backstop” component would have to be taken out. This hardening of negotiating lines makes a No Deal EU Exit all the more likely on 31 October 2019.
- 5.3 Jeremy Corbyn has written to rebel Conservative and opposition MPs setting out plans to seek a no-confidence vote in the Government at the earliest opportunity following the return to Parliament, then attempt to form a temporary, time-limited Government with the aim of calling a General Election and securing the necessary extension of Article 50 to do so. Parliament returns on 3 September.
- 5.4 Central Government has stepped up “No Deal” preparations. It has requested, as a priority, that each of the 38 Local Resilience Forums identify specific no deal Brexit Plans outlining mitigation and response in a no deal scenario. South Tyneside, CEO, Martin Swales, is the lead chief executive for the twelve local authorities in the North East region, which includes Tees Valley, and is one of nine chief executives who have been reporting to MHCLG on behalf of local authorities within their regions.
- 5.5 The North East Brexit Group has been working on potential actions for consideration that could help the region mitigate some of the consequences and grasp the opportunities presented by a No Deal Brexit. These include a Free Trade Zone proposal for which a second stage study is now being commissioned to work up a preferred model and an emergency task force to deal with significant redundancies. In the meantime, the Prime Minister has announced that the Government would consider establishing up to 10 “Free Ports” in the UK to take advantage of our new trading status. Both Teesport and Port of Tyne were named as ports that had indicated an interest.
- 5.6 On 6th August 2019, Secretary of State for Housing Communities and Local Government, Rt Hon Robert Jenrick MP, announced £20 million of funding for all

Leadership Board

local authorities in England to aid Brexit preparations. This was in addition to the £40 million previously allocated to all local authorities. On 21st August, the Secretary of State announced a further £9m for Brexit planning, £5 million will be given to local councils which either have or are near to a major air, land or sea port and £4 million to local resilience forums.

6. Reasons for the Proposals

6.1 This report provides an update on Economic Development and Digital theme activities and requests views and comments from the Leadership Board.

7. Alternative Options Available

7.1 There are no alternative options associated with this report, which is presented for information.

8. Next Steps and Timetable for Implementation

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

9. Potential Impact on Objectives

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

10. Financial and Other Resources Implications

10.1 There are no direct financial or other resource implications associated with this report. The report includes an overview of the current activity within the European Structural and Investment Fund (ESIF) programme – including European Development Fund and European Social Fund grant allocations and commitments and ongoing bids and calls.

11. Legal Implications

11.1 There are no legal implications arising from this report.

12. Key Risks

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

13. Equality and Diversity

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

Leadership Board

14. Crime and Disorder

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

15. Consultation/Engagement

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

16. Other Impact of the Proposals

16.1 There are no further impacts arising from the proposals.

17. Appendices

17.1 None.

18. Background Papers

18.1 None.

19. Contact Officers

19.1 Vince Taylor, Assistant Director of Economic Policy, Sunderland City Council, vince.taylor@sunderland.gov.uk

20. Sign off

- 20.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

21. Glossary

21.1 None.

Leadership Board

Date: 3rd September 2019

Agenda Item 7

Subject: Finance Skills & Employability- thematic update

Report of: Corporate Director

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.

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, alongside ensuring the ongoing development of good partnership and inter authority working arrangements that have been developed.

Recommendations

The Leadership Board is recommended to:

- i. Receive this report for information.
- ii. Consider the opportunity to engage further with the LGA over the Work Local proposition.

Leadership Board

1. Background Information

- 1.1 Further to the agreed portfolio leads and the update provided to the Leadership Board in July, 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:

2.0 Skills Theme

Apprenticeship Performance - SMEs

- 2.1 Research by the Association of Employment & Learning Providers (AELP) suggests small and medium sized businesses across the country are being prevented from offering new apprenticeships because the levy which funds the government's flagship skills programme is short of funding.
- 2.2 Direct Education and Skills Funding Agency funding to learning providers for the delivery of apprenticeships to non-levy paying companies is linked to budgets derived from levy funding not drawn down by larger organisations.

The survey also found;

- a quarter of apprenticeship training providers have had to turn away a prospective new SME employer of apprentices
 - 17% of providers have stopped recruiting apprentices altogether for new and existing SME employer customers
 - a further 25% have had to cut back on apprentice recruitment for their employer customers due to a lack of funding and
 - a third of the providers need up to 25% of additional funding on their government funding contract to meet current demand.
- 2.3 SMEs have traditionally been the main recruiters of young people, including school leavers, with over 90% of all apprenticeships offered by small businesses held by 16-24 year olds. However, the official statistics show that programme starts for 16 to 18 year olds in 2018-19 have fallen by 7% so far compared with last year and by 23% compared with the year before the levy system began.

Department for Education (DFE) 2019 Employer Skills Survey

Leadership Board

2.4 The survey is seen as being vital to the work of DFE and their partners both within national and local government. The survey gathers information on the skills challenges that employers face within their existing workforces and in terms of bringing in new skilled labour, the levels and nature of training investment and the relationship between skills challenges, training activity and business strategy. This year it also includes content previously covered in the Employer Perspectives Survey, including topics such recruitment of education leavers, provision of work placements and apprenticeships.

2.5 The last Employer Skills Survey was carried out in 2017 and results from this survey can be viewed on the gov.uk website: <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>

2.6 Research for the survey is being carried out between May and November 2019 by IFF research, BMG research and Ipsos MORI. The results of the survey will be made publicly available on the gov.uk website in 2020.

Skills Consultations

2.7 The Education Select Committee has launched an inquiry on Adult Skills & Lifelong Learning. Key questions relevant to the sector include;

- What are the benefits of adult skills and lifelong learning (ASALL) for productivity and upskilling the workforce?
- What role can local authorities/combined authority areas play in ASALL provision?
- What are the benefits of ASALL for social justice, health and well-being?
- To what extent is the range, balance and quality of formal and informal ASALL education adequate?
- Who currently participates in and benefits from lifelong learning?
- What lessons can the UK learn from abroad?

2.8 Written evidence submissions closed on 15 August 2019, which individual authorities may have responded to, although for those wishing to share personal experiences of adult education, the Committee will continue to run a survey over the summer to gather insights into this area. Details of the formal government response will be reported in due course.

3.0

Leadership Board

3.1 **Employment Theme**

UK Shared Prosperity Fund

3.2 Despite an initial announcement in 2017 there is no certainty on how much the fund will have to distribute, when it will be up and running, or the outcomes it will be set up to achieve. Further lobbying for clarity around the roll out and scope of UKSPF is being made by the Employment Related Services Association (ERSA) in conjunction with the National Council for Voluntary Organisations (NCVO).

3.3 In a letter to the Prime Minister, the organisations suggest greater clarity and pace will be needed if there is to be a seamless transition from one funding regime to another to avoid the risk of services stopping for individuals who need them most. These services and support programmes support young people who are not in education, employment or training; lone parents who want to get back to work; people with disabilities, learning difficulties or mental health issues as well as ex-offenders who need support to gain steady employment and many others.

3.4 Importantly, the UKSPF will help prepare for potential economic challenges following withdrawal, address skills shortages and reduce pressures on Jobcentre Plus.

Given the importance of this work, ERSA and NVCO urge the Prime Minister to confirm that;

- The UKSPF will help the UK achieve its post-Brexit potential by providing support for disadvantaged groups and communities that often fall through the gaps of existing state provision.
- Funding for employment and skills support allocated from the UKSPF will not fall below levels that would have been received through ESF funding had the UK remained in the EU.
- There will be no funding gap between the closure of EU ESF funding and the distribution of UKSPF funding to ensure there is no permanent loss of expertise, infrastructure or partnerships for frontline organisations, and consequently, vital support for disadvantaged jobseekers and learners.

3.5 **Good Work Plan: one-sided flexibility - addressing unfair flexible working practices**

In October 2016 the Prime Minister commissioned Matthew Taylor (Chief

Leadership Board

3.6 Executive of the Royal Society of the Arts) to conduct an independent review into modern working practices, focused on assessing how employment practices might need to change in order to keep pace with modern business models.

3.7 In July 2017 the Review of Modern Working Practices (the review) was published, which included 53 recommendations. The review considered a range of issues, including the implications of new forms of work, the rise of digital platforms and the impact of new working methods on worker rights, responsibilities, freedoms and obligations.

3.8 At the heart of these recommendations was an overarching ambition that all work should be fair and decent and for employers to offer opportunities that give individuals realistic scope to develop and progress. This ambition, to generate good jobs and greater earning power for all, is set out further in the modern Industrial Strategy, committed to ensuring the UK labour market remains successful and competitive.

3.9 However, one of the issues raised through the Taylor review was that a minority of employers abuse this flexibility to transfer excessive amounts of risk to workers, and there is no corresponding benefit to the worker from the flexible arrangement. This has been termed as 'one-sided flexibility', with examples of employers cancelling shifts at short notice or sending workers home when customer demand is low.

4.0 Consideration of these recommendations as part of a contribution to the delivery of better jobs and inclusive growth could be central to the employment offer for NECA.

Cross-cutting initiatives / opportunities

4.1 ***NELEP – Employment Skills Improvement & Progression Group.***

4.2 Many of the issues relating to the Skills and Employment agenda are currently addressed through the regional Employment Skills Inclusion and Progression group, chaired by NELEP and involving all seven North East Local Authorities along with government departmental representatives, voluntary sector leads and other specialist organisations.

Providing technical expertise, this group has previously led on discussions around co-financing opportunities for EU funded programmes and provided direct engagement with government departments over emerging initiatives.

Leadership Board

4.3

With the refresh of the Strategic Economic Plan, the emerging Local Industrial Strategy (LIS) and reformatting of the LEP's Employment and Skills Board to provide Skills Advisory Panel function, the LEP have proposed reviewing the term of reference of the group including broadening membership to provide a greater focus on the strategic people issues including;

- Delivering the North East Ambition
- Deliver the Education Challenge
- Improving skills progression
- Increasing youth employment
- Improve labour market activation
- Ensure connected communities and
- Help deliver Fuller Working Lives.

4.4

It is proposed that this group will lead on developing the detail of the approach to People in the North East LIS. In doing so the group will prioritise; Developing and delivering a new employability framework, including a focus on addressing future skills; the support for non-academic skills with an initial focus on four key sectors - two high value / high growth sectors plus large-scale employment sectors such as social care & health and retail; Providing a focus on Innovation and Technology -undertaking an asset map of Higher Education providers / investment; and developing a further proposition around learning and (economic) progression

4.5

Alongside this renewed focus the group will continue to coordinate activity relating to its existing key strands;

- Responding to local economic shocks
- Improving adult basic skills levels
- Support for people with disabilities and health conditions
- Supporting progression from low pay

4.6

LGA 'Work Local'

Launched at the LGA Conference in July, the report builds on previous LGA publications by:

- Making the case for changing the current system
- Key messages from the LGA Skills Taskforce roundtables
- Our Work Local solution including local pathfinders by 2022

Leadership Board

- Ways to improve the current system
- 4.7 Reflecting on the recent successes delivered through some Devolution deal programmes, over the last six months, the LGA has brought together 28 leading organisations and trade bodies that are key to improving skills and employment in England. These discussions revealed a shared common ambition to make the system as effective as it can be for people and places.
- 4.8 The report identified seven key challenges facing the UK Employment & Skills system;
- Our employment and skills system must be more joined up, co-ordinated and long term.
 - Young people need access to a coherent post 16 local offer.
 - Investing and improving in adult skills through local action.
 - Strategic local planning and flexibility will boost apprenticeships.
 - A locally relevant and co-ordinated all-age careers service.
 - Our economy is changing. The skills system needs to catch up, fast – but must be properly resourced.
 - Local partnerships could be drivers for change.
- 4.9 Beyond these key challenges are a further six key design principles:
- Clear and responsive local leadership
 - [delivery] is driven by local opportunities and needs
 - A common national strategy for devolution of strategy, financing and delivery of employment and skills
 - Improved experiences of individuals and employers
 - A system governed by Local labour Market Agreements
 - Delivering better outcomes at a lower cost
- 4.10 Based on the above the LGA predict that within a medium sized Combined Authority an integrated Work Local model could lead to additional fiscal benefits for a local area of £280 million per year, with a benefit to the economy of £420 million.

Leadership Board

- 4.11 Considering the broad reaching proposals, it may be appropriate to engage directly with the LGA to discuss these proposals further in the context of developing any future employment & skills ask.

5. Reasons for the Proposals

- 5.1 This report provides members with information about the headline issues being considered across the portfolio.
- 5.2 In respect of the Skills and Employability issues it provides details of the Skills and Employment working group's current discussions and the starting point in developing an offer for further consideration by the Employment and Skills Board. Furthermore, the scope of the issues will inform future membership and governance proposals for the Employment & Skills Board.

6. Alternative Options Available

- 6.1 This report is for information only.

7. Next Steps and Timetable for Implementation

- 7.1 Further updates will be provided to the Leadership Board as further details of funding are made available / details are released by government.
- 7.2 Employment & Skills issues and opportunities for development remain under development through meetings of the Skills and Employment Working Group.

8. Potential Impact on Objectives

- 8.1 The report is for information only.

9. Financial and Other Resources Implications

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

10. Legal Implications

- 10.1 There are no specific legal implications arising from this report

Leadership Board

11. Key Risks

11.1 This report is for information.

12. Equality and Diversity

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

13. Crime and Disorder

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

14. Consultation/Engagement

14.1 Economic Development Directors have been fully consulted on the contents of this paper.

15. Other Impact of the Proposals

15.1 There are no other impacts arising from this report.

16. Appendices

16.1 None

17. Background Papers

1. Thematic Portfolio Update 23 July 2019

18. Contact Officers

18.1 Ian Thompson, Corporate Director Regeneration and Local Services - ian_thompson@durham.gov.uk Tel: 03000 268801

19. Sign off

- 19.1
- Economic Directors: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

Leadership Board

Leadership Board

Date: 3rd September 2019

Agenda Item 8

Subject: Transport Thematic Lead Portfolio Update Report

Report of: Thematic Lead for Transport

Executive Summary

The report provides an update on various transport matters of relevance to the NECA area.

These include the announcement of new Government funding opportunities, together with progress on developing further the Tranche 2 bid to the Government's Transforming Cities Fund has been made, and the commencement of work on preparing a new Transport Plan for the North East.

Recommendations

It is recommended that the Leadership Board notes the contents of this report.

1. **New funding opportunities**

- 1.1 The Department for Transport (DfT) has announced two new opportunities for local authorities to bid for funding.
- 1.2 The **Highways Maintenance Challenge Fund** provides a further opportunity to bid for funding for highway maintenance projects (excluding street lighting). £100 million is available nationally for each of the years 2019/20 and 2020/21. Bids for 2019/20 and expressions of interest for 2020/21 need to be submitted by the end of October.
- 1.3 The **Pinch Point Fund**, will provide £75 million for each of the years 2021/22 and 2022/23 for projects designed to help ease congestion on local roads. Expressions of interest for the fund need to be submitted by 31 January 2020.

2. **Transforming Cities**

- 2.1 The Joint Transport Committee's initial Tranche 2 bid to the Transforming Cities Fund was submitted in June. Since that time further development and discussion with officers from the Department for Transport have taken place with a view to submitting a final bid in November.
- 2.2 Work currently underway is focussing on the transport economics of the proposals and on finalising a set of technology measures as part of an Intelligent Transport Systems (ITS) as part of the overall package. This further work will provide input into the form of the final bid, and any aid consideration of possible changes to the package of schemes presented previously.
- 2.3 DfT officials visited the region in early August, with initial feedback raising no major objections to the general approach of the bid. It is expected that the final announcement of successful bids will be made towards the end of 2019/20.
- 2.4 In order to support the contents of the current bid, and assist in the development of future bids further work is being carried out into the opportunities to improve bus services. Initial discussions with bus operators have helped define the main corridors and analysis of operational data is underway to identify the main delay points.
- 2.5 Work continues on developing and implementing schemes approved as part of Tranche 1 of the bid. These include sustainable transport improvements and enhanced technology in and around various parts of the NECA area including Durham and Sunderland City Centres and the Follingsby/Nissan/IAMP area.

3. Transport Plan for the North East

- 3.1 Initial work on preparing a new Transport Plan for the North East is underway. This will be based on the round of interviews with Leaders of the each of Joint Transport Committee authorities undertaken earlier this year by Kirsty Laing.

- 3.2 Once finalised the new Plan will replace the existing Durham, Northumberland and Tyne and Wear Local Transport Plans. It is hoped to have a draft prepared for consideration by the Joint Transport Committee by spring 2020.

4. Proposals

- 4.1 This report is for information purposes only. Therefore, no decisions are contained in this report.

5. Reasons for the Proposals

- 5.1 This report is for information purposes only.

6. Alternative Options Available

- 6.1 Not applicable to this report.

7. Next Steps and Timetable for Implementation

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

8. Potential Impact on Objectives

- 8.1 Successful delivery of the various transport and digital connectivity schemes and investment proposals outlined in this document will assist NECA in delivering its objective to maximise the area's opportunities and potential.

9. Financial and Other Resources Implications

- 9.1 The report includes information on funding and financial opportunities.
- 9.2 There are no specific additional financial implications for NECA arising from this report.
- 9.3 There are no Human Resource or ICT implications for NECA arising from this

report.

10. Legal Implications

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

12. Key Risks

12.1 Risk of work streams not progressing in a timely manner may impact upon the region's ability to achieve its aspirations for improving transport.

13. Equality and Diversity

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

14. Crime and Disorder

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

15. Consultation/Engagement

15.1 Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

16. Other Impact of the Proposals

16.1 No specific impacts

17. Appendices

17.1 Not applicable

18. Background Papers

18.1 Not applicable

19. Contact Officers

19.1 Sheena Ramsey

20. Sign off

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

21. Glossary

21.1 None

Leadership Board

Date: 3 September 2019

Agenda Item 9

Subject: Economic Update

Report of: Economic Development and Digital Thematic Lead

Executive Summary

The purpose of this report is to update the Leadership Board on the state of the NECA economy, focussing on performance against the following metrics:

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

The report provides an overview of the scale and importance of the NECA economy; performance of the NECA economy and how this compares across the NECA and North of Tyne Mayoral Combined Authority footprint and the wider context in terms of national comparisons; and an update business investment in each of the four NECA local authority areas.

Recommendations

Leadership Board members are requested to note and provide any comments on the update report.

Leadership Board

1. The Scale and Importance of the NECA Economy

Key features of the NECA Economy

- 1.1 The NECA economy produces over £20bn in output each year (£20.7bn in 2016), 7.4bn of which is generated through exports (estimated at £7.4bn). With 1.15m residents it provides 58% of the North East’s working age population. More than 432,000 people are employed in 28,000 enterprises.
- 1.2 While manufacturing represents double the proportion of output than the England average, the NECA economy is diverse with significant strengths in service industries, utilities and construction too.
- 1.3 The area is home to three universities, a wide variety of college provision and many excellent schools. It hosts two cities and a wide range of lifestyle offers in its many towns and villages.
- 1.4 The NECA area is not without substantial challenges too, with deprivation, isolation, low skills, worklessness and low income affecting many communities.

2. NECA Economic Performance within Wider Context

- 2.1 Here, we examine the performance of the NECA economy in recent years using some of the regional performance measures adopted by the North East Local Enterprise Partnership. This includes looking at the relative performance of the component parts of the seven authority NELEP geography, namely the NECA area (County Durham, Gateshead, South Tyneside and Sunderland) and the North of Tyne Mayoral Combined Authority area (Newcastle, North Tyneside and Northumberland).
- 2.2 The three measures where comparisons are reasonably straightforward are:
 - More and better jobs
 - The employment rate
 - The economic activity rate

More and Better Jobs

- 2.3 In the NELEP area, between 2014 and March 2019, employment grew by 74,900. 50,800 of these net new jobs were located in the NECA area (67.8% of the total). The overall regional NELEP target is 100,000 additional jobs by 2024, so both the region and the NECA area are currently on track to achieve that.
- 2.4 Of those 74,900 additional jobs, 62,300 or 83% were classed as “better jobs” (defined as being in the top three occupational groups (1. Managers, Directors,

Leadership Board

Senior Officials, 2. Professional Occupations, 3. Associate Professionals). This is well above the target level of more than 70% being “better jobs”. In the NECA area, the number of “better” jobs was 35,800, or 70.5% of the total additional jobs created in the NECA area.

- 2.5 By comparison, in the North of Tyne area, 32,200 new jobs were created, with 82% being “better jobs”.
- 2.6 Looking at all jobs in the local economy, the North of Tyne and NECA areas have begun from very different points regarding the overall proportion of “better jobs”. NECA moved from 33.4% to 37.4% while North of Tyne moved from 40.7% to 44.6%.

	NECA	North of Tyne	NELEP
Apr 18-Mar 19	37.4% (+4)	44.6% (+3.9)	40.7% (+3.9)
Apr 13-Mar 14	33.4%	40.7%	36.8%

Employment Rates

- 2.7 The employment rate measures the proportion of people of working age who are in employment or self-employed. The appropriate national comparator for this and other indicators agreed by NELEP partners is the average for England excluding London.
- 2.8 Over the past 5 years, the NECA employment rate has increased by 6 percentage points. This rate was greater than the 3.8 percentage point increase across England excluding London (the NELEP comparator) and outpaced the neighbouring North of Tyne geography which grew by 3.7 percentage points. The NECA employment rate now exceeds the North of Tyne employment rate.

	NECA	North of Tyne	NELEP	England (exc. London)
Apr 18-Mar 19	72.7%	71.1%	72%	75.9%
Apr 13-Mar 14	66.7%	67.4%	67%	72.1%

The Gap in Economic Activity

- 2.9 Of particular concern across the North East are the historically low levels of economic activity brought about by industrial restructuring during the second half of the last century. The North East LEP set a target in 2014 to reduce the gap in economic activity rate of 50% by 2024. The data show that over the past 5 years the

Leadership Board

NECA geography has witnessed a reduction in the gap so far of just over one third. The economic activity rate gap lies as just 1.9% below the figure for England excluding London. By comparison the North of Tyne area has seen its economic activity gap grow compared with England excluding London, the gap now stands at 4.9%.

	NECA (Gap)	North of Tyne (Gap)	NELEP (Gap)	England (exc. London)
Apr 18-Mar 19	77.1% (1.9)	74.1% (4.9)	76.1% (2.9)	79.0%
Apr 13-Mar 14	74.6% (3)	73.5% (4.1)	74.1% (3.5)	77.6%

Summary

2.10 Based on the above analysis, the NECA economy has in recent years:

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

3. Business Investment within NECA Local Authority Areas

3.1 To help assess the current state of the NECA economy, it is important to examine business investment decisions and to gauge business sentiment. Here we present commentary from the business development teams in each of the four NECA local authority areas.

County Durham

3.2 On the upside, since the launch of the County Durham Growth Fund, take up of the £4.9m scheme by SMEs has been so good that an extension and more funding is being sought for the project, with an upper cap placed on the amount that can be applied for in grant assistance. The Fund was only launched in April 2019 and take up demonstrates the level of pent up demand by SMEs.

3.3 The situation is more uncertain where companies are Foreign Direct Investors and are involved particularly in manufacturing. For example, a manufacturer supplying the rail and bus sector (not Hitachi) was recently acquired by a European company, with expansion plans to move to a site of 100,000 sq. ft. The uncertainty with regards

Leadership Board

Brexit has meant that these investment plans have been put on hold until after October. Delays in announcements to public infrastructure projects in rail also lead to investor uncertainty.

- 3.4 A manufacturer of plastic food trays also had plans to move to new premises with a 100,000 sq. ft expansion. The Italian owners have halted this move, due in part to Brexit, but also the general environment and changes in public opinion towards plastic. The move has been cancelled but the company has committed to £3m investment in new more efficient machinery, but no new jobs.

Gateshead

- 3.5 The level of business reinvestment activity in the Gateshead area remains relatively steady with the borough experiencing strong results for 2018/19.
- 3.6 The pipeline of activity for the current year has slowed somewhat with the majority of inward investment pipeline projects being reinvestment activity by existing businesses.
- 3.7 Some of the most significant re-investment projects for 2019/20 include:
- Man Truck & Bus – A UK subsidiary of Porsche AG, specialising in the sale and aftercare of commercial vehicles has committed to a brand new 27,000 ft² facility at Team Valley, which will open in 2019.
 - Rustoleum (TOR Coatings) – An American owned decorative and protective coatings company is expanding its production capacity at the Birtley Plant, this follows on from the construction of a 152,500 ft² European Headquarters and Distribution Centre earlier this year.
- 3.8 A small number of existing investors are continuing to cite Brexit as the reason for postponing investment plans, however. Consequently, the level of new inward investment activity in Gateshead continues to remain limited with the majority of new investor enquiries being typically small in scale and from the services sector.
- 3.9 Vulnerability to the impact of decisions made by investors operating in a global economy was demonstrated when, as a result of a reduction in global demand for printed currency, De La Rue announced a programme to reduce surplus capacity including the loss of 171 jobs in Gateshead.
- 3.10 The restructuring of the retail sectors has also seen the closure of Yorkshire Linen Company, Bathstore, and Office Outlet (formally Staples) within the last three months although the impact may be mitigated by interest from a new retailer to the area.

Leadership Board

South Tyneside

- 3.11 Feedback from businesses in South Tyneside indicates that there are a number of businesses that are postponing investment decisions until the outcome of Brexit negotiations becomes clearer. However, there are also a number of examples of businesses within the borough who are continuing to invest, including:
- Faltec Europe which has committed to open a new manufacturing facility on to International Advanced Manufacturing Park (IAMP).
 - Baby supplies company Nuby, based on Boldon Business Park, has moved to new premises over six times bigger than its previous site to house new operations and increase staff numbers.
 - The Green Energy Advice Bureau has announced 10 new jobs following a successful move to larger premises on the Port of Tyne.

Sunderland

- 3.12 Automotive – new suppliers arriving and seeking planning permission (Magna from Canada and Minth from China), as well as others, such as French company Faurecia, undertaking sizeable expansion projects in readiness for the new Juke (2019) and new Qashqai (2020).
- 3.13 The International Advanced Manufacturing Park (IAMP) is progressing, with work well underway on new facilities for SNOP (France) and Faltec (Japan), as well as the CeSAM R&D facility.
- 3.14 Other advanced manufacturing – large expansion projects are taking place by companies such as Snorkel (power access systems, USA), Walker Filtration (filtration systems, Sweden) and local company Rocket Medical (medical devices).
- 3.15 Contact centres – the new centre for Ocado at the former Vaux site is a major coup and should help to leverage other occupiers. Elsewhere in the city, companies have added additional activities / jobs, including Berghaus (shared service centre) and BGL ('big data' project). The latter is creating jobs for software engineers, pointing to the trend of this industry moving 'up market' in Sunderland.
- 3.16 Digital tech – companies located in the business centres continue to mature and grow, adding new jobs (Technically Compatible and Saggezza, for example).
- 3.17 As regards interest from companies, this continues at a healthy level, with an increase in the number of serious enquiries during the past three months as compared to the same period last year (albeit with a slight reduction in the size of the projects).

Leadership Board

Summary

- 3.18 Although several investment projects have been put on hold due to a combination of market conditions and Brexit concerns, the NECA area has continues to attract investment from a variety of traditional and non-traditional sources, illustrating a degree of resilience and flexibility.

4. Reasons for the Proposals

- 4.1 This report provides an update on the NECA economy and requests comments from the Leadership Board.

5. Alternative Options Available

- 5.1 There are no alternative options associated with this report.

6. Next Steps and Timetable for Implementation

- 6.1 A further update will be provided to the Leadership Board at future meetings.

7. Potential Impact on Objectives

- 7.1 This brief analysis is to help inform the setting of priorities and actions to promote economic growth and regeneration in the area.

8. Financial and Other Resources Implications

- 8.1 There are no financial or other resource implications associated with this report.

9. Legal Implications

- 9.1 There are no legal implications arising from this report.

10. Key Risks

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

11. Equality and Diversity

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

12. Crime and Disorder

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

Leadership Board

13. Consultation/Engagement

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

14. Other Impact of the Proposals

14.1 There are no further impacts arising from the proposals.

15. Appendices

15.1 None.

16. Background Papers

16.1 None.

17. Contact Officers

17.1 Vince Taylor, Assistant Director of Economic Policy, Sunderland City Council,
vince.taylor@sunderland.gov.uk

18. Sign off

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

19. Glossary

19.1 None.

Leadership Board

Date: 3 September 2019

Agenda Item 10

Subject: Budget Process and Timetable 2020/21

Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to set out the process and timetable for the preparation, consultation and approval of the 2020/21 budget and an indicative three-year medium-term financial strategy / plan strategy for the North East Combined Authority (NECA).

To comply with the NECA constitution the budget setting process requires the following steps:

- NECA to produce initial proposals in relation to the transport budget and the NECA budget (including specific reference to consideration of any reviews/studies previously carried out by the relevant Overview and Scrutiny Committees) – this to be agreed by NECA Leadership Board
- Initial proposals are then referred to the JTC Overview and Scrutiny Committee to examine the consultation proposals and timetable and make recommendations to the Joint Transport Committee.
- Joint Transport Committee then considers the initial proposals in relation to levies and the distribution of levies
- Proposals from the Joint Transport Committee are then be considered by the NECA Leadership Board. The Leadership Board will need to consider the decisions and any recommendations made by the Joint Transport Committee and JTC Overview and Scrutiny Committee and, where it is considered appropriate, make representations to the Joint Transport Committee to amend the consultation process and/or timetable accordingly.
- Following this the NECA Overview and Scrutiny Committee is engaged in the process, before the final proposals are referred back to the NECA Leadership Board, together with any recommendations and/or observations from the NECA Overview and Scrutiny Committee.

Leadership Board

Approval of the final proposals in relation to NECA's budget must be made unanimously. The Joint Transport Committee must approve the final proposals in relation to the North East Transport Budget unanimously.

To achieve these requirements, outline proposals will be developed following discussions with member and officer groups, including Chief Executives, Economic Development Directors and Transport Leads / Nexus and during August, September and October. Finance Directors across NECA area will be involved / consulted on throughout the process.

Draft budget proposals for 2020/21 relating to transport budgets will be reported to the Joint Transport Committee on 19 November, and non-transport budgets will be considered by the NECA Leadership Board on 5 November.

The proposals will then be subject to consultation in line with the constitutional requirements, including with the NECA and JTC Overview and Scrutiny Committees, before final proposals are brought back to the JTC and the Leadership Board in January and February 2020 for formal agreement and issuing of the relevant levies.

To fully comply with the constitutional requirements in terms of budget setting there will be a need to arrange an additional JTC Overview and Scrutiny Committee meeting in November and a Leadership Board meeting in early December, dates to be confirmed.

Recommendations

The Leadership Board is recommended to note the report and agree to arrange an additional JTC Overview and Scrutiny Committee meeting in November and a Leadership Board meeting in early December in order to fully comply with the NECA constitutional requirements in terms of budget setting for 2020/21, dates to be confirmed.

Leadership Board

1. Background Information

- 1.1 In line with the Transport Levying Bodies 1992, Transport Levies for the North East area must be set by 15 February 2020. It is currently planned that these will be agreed by the North East Joint Transport Committee (JTC) at its meeting on 21 January 2020, and those relating to the NECA area formally issued by the Leadership Board on 4 February 2020.
- 1.2 Other (non-Transport) aspects of the NECA budget will be agreed by the Leadership Board on 4 February 2020.
- 1.3 While the statutory requirement is for an annual budget and levies to be set for 2020/21, it is good practice to set a budget and in particular a capital programme within the context of a medium-term financial strategy covering a three to five-year period. The budget proposals presented this year will include an indicative three-year medium-term financial strategy / plan strategy for the North East Combined Authority (NECA).
- 1.4 The NECA constitution establishes the process to be followed in terms of annual budget setting – this is outline below:
 - NECA to produce initial proposals in relation to the transport budget and the NECA budget (including specific reference to consideration of any reviews/studies previously carried out by the relevant Overview and Scrutiny Committees) – this to be agreed by NECA Leadership Board
 - Initial proposals are then referred to the JTC Overview and Scrutiny Committee to examine the consultation proposals and timetable and make recommendations to the Joint Transport Committee.
 - Joint Transport Committee then considers the initial proposals in relation to levies and the distribution of levies
 - Proposals from the Joint Transport Committee are then be considered by the NECA Leadership Board. The Leadership Board will need to consider the decisions and any recommendations made by the Joint Transport Committee and JTC Overview and Scrutiny Committee and, where it is considered appropriate, make representations to the Joint Transport Committee to amend the consultation process and/or timetable accordingly.
 - Following this the NECA Overview and Scrutiny Committee is engaged

Leadership Board

in the process, before the final proposals are referred back to the NECA Leadership Board, together with any recommendations and/or observations from the NECA Overview and Scrutiny Committee.

- 1.5 Approval of the final proposals in relation to NECA's budget must be made unanimously. The Joint Transport Committee must approve the final proposals in relation to the North East Transport Budget unanimously also.

2. Proposals

- 2.1 Appendix 1 sets out the timetable of when decisions will need to be taken to enable the Transport budget and levy decisions to be taken by the JTC on 21 January 2020 and the NECA budget decisions to be taken on 4 February 2020. The timetable meets the need for consultation on the 2020/21 proposals, as set out in NECA's constitution. Running alongside this timetable will be the arrangements in place within the North of Tyne Mayoral Combined Authority for their budget setting process, which have been co-ordinated to ensure they run in tandem with the NECA timetable so far as possible.
- 2.2 The timetable is challenging and requires an outline budget for 2020/21 to be agreed by the Joint Transport Committee on 19 November for consultation, meaning discussion of substantive policy, strategy and financial considerations in September and October.
- 2.3 Outline budget proposals will highlight the overall level of the capital and revenue budgets for 2020/21 and any service impacts upon which consultation would be required. These will be consulted upon and refined before final proposals are presented for approval.
- 2.3 The NECA constitution sets out the process which must be followed to ensure that appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Budget.

a) Initial proposals

As host Combined Authority for transport, NECA will produce initial proposals in relation to the transport budget and the budget of NECA (including the relevant element of the transport budget). At least 2 months before the calculations on the transport levies need to be finalised by the JTC (21 January 2020) NECA, as accountable body, will produce outline proposals.

The initial proposals and accompanying information will then be referred to the JTC Overview and Scrutiny Committee who will examine the consultation proposals and make recommendations,

Leadership Board

where it is considered appropriate, to the Joint Transport Committee.

b) Initial consideration by the Leadership Board and the Joint Transport Committee

Proposals from the Joint Transport Committee in relation to levies and the distribution of those levies to the Constituent Authorities and Combined Authorities will be considered by the NECA Leadership Board. The Leadership Board will consider the funding necessary to discharge the functions of NECA and make proposals for the funding of NECA taking into account the JTC's proposals or decisions in relation to the levies and the wider transport budget.

c) Finalising proposals

The Leadership Board will consider the decisions and any recommendations made by the Joint Transport Committee and JTC Overview and Scrutiny Committee and, where it is considered appropriate, make representations to the Joint Transport Committee to amend the consultation process and/or timetable accordingly.

The Leadership Board will refine its proposals in accordance with the recommendations and decisions made by the JTC and engage with the Overview and Scrutiny Committee.

Once the consultation process has been completed, details of the finalised proposals will be referred to the Overview and Scrutiny Committee together with the relevant background information on which the proposals have been based. The proposals will then be referred back to the Leadership Board, together with any recommendations and/or observations from the Overview and Scrutiny Committee.

d) Consideration of final proposals

The final proposals (including consideration of the final proposals and decisions of the Joint Transport Committee) will then be considered by the Leadership Board on 4 February 2019, which may or may not include the recommendations and/or observations from the Overview and Scrutiny Committee.

The Leadership Board must approve the final proposals in relation to NECA's budget unanimously. The JTC must approve the final proposals in relation to the North East Transport Budget unanimously.

e) After the Budget has been agreed

A notice of the decision will be prepared by the Chief Finance Officer and given to each Constituent Authority.

Leadership Board

- 2.4 To fully comply with the constitutional requirements in terms of budget setting there will be a need to arrange an additional JTC Overview and Scrutiny Committee meeting in November and a Leadership Board meeting in early December, dates to be confirmed.
- 3. Reasons for the Proposals**
- 3.1 This report is for information. The proposed timetable has been developed in order to meet the Authority's responsibilities for budget setting in line with regulations and its own constitution.
- 4. Alternative Options Available**
- 4.1 This report is for information.
- 5. Next Steps and Timetable for Implementation**
- 5.1 The budget timetable is set out in Appendix 1.
- 6. Potential Impact on Objectives**
- 6.1 The budget and medium-term financial strategy will be prepared to reflect the objectives of the Authority. Future reports will set out the revenue and capital budget proposals in detail that will help deliver the objectives of the Authority.
- 7. Financial and Other Resources Implications**
- 7.1 This report sets out the timetable and process for agreement of the necessary budgets and funding for the Authority. The Chief Finance Officer will draw on available resources to deliver the budget report and plan.
- 8. Legal Implications**
- 8.1 There are no legal implications directly arising from this report.
- 9. Key Risks**
- 9.1 The budget timetable has been developed to manage the risk that the budget is not agreed unanimously by the requisite deadline through early discussion with all constituent authorities. The budget proposals will include an assessment of the risk facing the NECA budget, which will be used to inform the level of reserves which is determined to be prudent.
- 10. Equality and Diversity**

Leadership Board

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 report sets out consultation and engagement which will take place as part of the budget-setting process.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

14. Appendices

14.1 Appendix 1 – Budget Timetable

15. Background Papers

15.1 None

16. Contact Officers

16.1 Eleanor Goodman, Principal Accountant, Eleanor.goodman@northeastca.gov.uk,
0191 277 7518

17. Sign Off

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

Leadership Board

Appendix 1 – Budget Timetable 2020/21

Date	Meeting/Event	Action
3 September 2019	NECA Leadership Board	Consider proposed budget process/timetable
19 September 2019	Tyne and Wear Sub-Committee	Update on budget process with specific reference to Tyne and Wear Transport activity
5 November 2019	NECA Leadership Board	Initial proposals in relation to transport budget and NECA budget to be agreed
Tbc	JTC Overview and Scrutiny Committee	Examine consultation proposals and timetable and make recommendations to the JTC
19 November 2019	North East Joint Transport Committee	Consider draft Transport budget proposals
21 November 2019	Tyne and Wear Sub-Committee	Consider report on the draft budget proposals with specific reference to Tyne and Wear Transport activity
Tbc	NECA Leadership Board	Consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee
19 December 2019	NECA Overview and Scrutiny Committee	Consider budget proposals as part of consultation process
21 January 2020	North East Joint Transport Committee	Approve Transport Revenue Budget and Transport Levies
4 February 2020	NECA Leadership Board	Leadership Board formally issue levy agreed by Joint Transport Committee in January.

Leadership Board

Date	Meeting/Event	Action
		Formal agreement of non-Transport budgets and contributions.
15 February 2020	Levy letters issued to constituent authorities	Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations

Leadership Board

Date: 3 September 2019

Agenda Item 11

Subject: Emerging Policy Intentions of Central Government

Report of: Deputy Monitoring Officer

Executive Summary

This report provides an update on the emerging policy intentions of the new Boris Johnson's government. It is provided for information and comment and sets out the main policies the new administration is likely to take forward. In addition, the report considers the priorities of Johnson's new team of Secretary of States, and reviews which of Theresa May's policies the new administration are likely to keep and which of her Government's policies have been, or are likely to be withdrawn.

Recommendations

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

Leadership Board

1 Background Information

- 1.1 The Johnson administration began on 24 July 2019 when he was invited by the Queen to form a new government, following the resignation of the previous Prime Minister Theresa May. May had resigned as Leader of the Conservative Party on 7 June 2019; Johnson was elected as her successor on 23 July 2019. The Johnson ministry was formed from the 57th Parliament of the UK, as a Conservative minority government.

2 Economic and Fiscal Policy

- 2.1 During his campaign, Johnson promised to get rid of any further austerity measures, which he has described of *'a diet of miserabilism'*.
- 2.2 Johnson's emerging economic approach has been described as *'boosterism'*, where a fiscal stimulus package is intended to kickstart the market and provide a *'boost'* at a volatile time.
- 2.3 He has promised to bring forward an autumn economic package that will *'boost British business and lengthen this country's lead as the number one destination in this continent for overseas investment'*.
- 2.4 During his leadership campaign, Johnson promised to cut VAT and to raise the National Insurance threshold for low-paid workers. He has made a number of further significant spending promises since entering office, together with promises to cut taxes for both high and low earners.
- 2.5 He said he will borrow to fund infrastructure projects, including Northern Powerhouse rail and the roll out of broadband in rural areas and has promised that by 2050, the UK will be *'the home'* of electric vehicles and aeroplanes.
- 2.6 Johnson has promised to *'level up'* productivity across the country, not just London and the South East, but *'every corner of England, Scotland, Wales and Northern Ireland'*.
- 2.7 He has so far talked about developing a number of fiscal policies intended to encourage international investment, including *'free ports'*, Singapore-style tax-free zones, tax breaks for innovation, and tax incentives to encourage investment in capital and research.

Leadership Board

- 2.8 Commentators have noted that the costs of fulfilling these promises are likely to add up to much more than the £27bn leeway which, the Office for Budget Responsibility suggested was available in the budget should the government seek to keep the deficit within 2 per cent of GDP in 2020/21. Commentators have asked questions as to how Johnson intends to fund these promises, and have anticipated that he will have to raise other taxes, abandon previous Conservative fiscal commitments, and rewrite the fiscal rules to accommodate an increase in borrowing.
- 2.9 Since Johnson took up office, a number of financial indicators have suggested economic difficulties ahead. The Office of National Statistics announced in early August that over the Spring quarter the UK economy contracted for the first time since 2012, prompting warnings from commentators that a recession is approaching (defined technically as two consecutive quarters of the economy shrinking). The reduction in the value of sterling also can be read as a further concerning indicator about foreign market confidence in the UK.
- 2.10 Chancellor Sajid Javid announced a one-year spending review on 9 August 2019. The intention behind this is to give government departments '*financial certainty*' as they prepare for Brexit. The Chancellor said a spending round for 2020-21 would '*clear the ground ahead of Brexit while delivering on people's priorities*'.
- 2.11 This is not a multi-year spending review. Multi-year spending reviews usually happen every two to four years but due to Brexit delays there has been no review since 2015. The 2019 Comprehensive Spending Review and the implementation of the outcomes of Funding Review have been delayed for 12 months.

3. Brexit and Foreign Policy

- 3.1 Johnson has reiterated many times that the UK will be leaving the EU on 31 October and that he will return to Brussels to renegotiate with the EU to deliver a Brexit deal by this date. Although government would prefer to leave with a deal, they have stated that they are making all necessary preparations to leave without a deal if the EU refuses to negotiate a new arrangement.
- 3.2 On Monday 19 August, Johnson wrote an open letter to the president of the European Council, copying to all EU27 leaders and the head of the European commission, requesting that the EU scrap the so called Irish backstop from the withdrawal agreement negotiated by his predecessor Theresa May, which he said was anti-democratic and "*inconsistent with the sovereignty of the UK as a state*". Donald Tusk responded suggesting the UK had offered no "*realistic alternatives*" to avoid a hard border in Ireland. The Prime Minister said the government would look at a range of "*alternative arrangements*" to maintain frictionless trade on the Irish border, such as trusted trader schemes and electronic pre-clearing.

Leadership Board

- 3.3 Johnson will make preparations for a no-deal Brexit if a new deal cannot be achieved, confirming that *'the Chancellor has confirmed that all necessary funding will be made available'*. A further £2.1bn was committed in August to escalate no-deal Brexit preparations.
- 3.4 Johnson has said that *'the course is now set'* for departure from the EU customs union and regulatory control and that he intends for ports, banks, factories and hospitals to be ready for this by the 31 October.
- 3.5 The Secretary of State for Housing, Communities and Local Government, Robert Jenrick, has written to all Local Authority Leaders asking that they designate a senior officer in their authority as a 'Brexit Lead Officer' to assist central government as they *'urgently intensifying preparations in advance of 31 October'*.
- 3.6 Johnson has ruled out the Irish backstop as a solution for the border problem after Brexit, declaring it *'anti-democratic'*, and has re-stated his belief that a deal without checks at the Irish border is possible.
- 3.7 Johnson has said that EU nationals working in the UK will have the right to remain, promising *'absolute certainty of the right to live and remain'* after Brexit. He has talked about changes to the immigration system and has talked about an *'Australian style arrangement'*, which *'ensures that we continue to attract the best and brightest talent from around the world'*.
- 3.8 He has said *'in no circumstances'* will the UK be nominating a new commissioner for the next European Commission (due to take office on 1 November 2019).
- 3.9 Johnson has said that talks with non-EU countries about future trade deals will be *'accelerated'*.

4. Domestic Policy

- 4.1 Clearly the success or failure of the Brexit strategy will guide whether Johnson is able to implement his domestic agenda, and whilst Brexit and the economy have been the focus, the Prime Minister has also made a number of assurances relating to domestic policy, including:

Leadership Board

- Promising 20,000 more policemen, and '*greater powers for the police*';
- Promising hospital upgrades and more money for the NHS;
- Promising a clear plan to 'fix' social care;
- Promising to increase the minimum per pupil school funding to £5,000, as part of a plan to 'close the opportunity gap' and to address the funding pressures within High Needs and Special Educational Needs;
- Johnson intends to remove anti-genetic modification rules that 'constrain' the bio-science and agriculture sectors;
- Johnson has promised to do more to promote animal welfare;
- During his campaign, Johnson promised to end '*unfair*' prosecutions of British soldiers who served during the Northern Irish troubles.

5. Local Government and Housing

- 5.1 It is noteworthy that the newly appointed Chancellor of the Exchequer, Savid Javid, and the new Chief Secretary of the Treasury, Rishi Sunak, were both formerly positioned within the Ministry of Housing, Communities and Local Government (MHCLG), and so may be able to bring local government insights to the Treasury.
- 5.2 Although little detail has as yet emerged about the plans of both the Secretary of State for Local Government, Robert Jenrick, and Minister for Housing, Esther McVey, commentators have identified anticipated priorities based on their initial public statements and voting records.
- 5.3 Jenrick has indicated an intention to focus on boosting housing supplies, promising to '*strain every sinew and try to pull every lever that's available to [him] to help communities build the homes they need*', whilst at the same time noting an intention to '*respect the green belt*'.
- 5.4 Jenrick is said to be supportive of the new towns and garden villages agenda. He is also known to be keen on fast-tracking the disposal of public sector land.
- 5.5 Jenrick has previously discussed the idea of building homes on public sector land to be sold '*at cost*' to local people under 40.
- 5.6 McVey has, in her public statements since being named as Housing Minister, focused on the importance of homeownership, suggesting that her policies will centre on promoting opportunities for first-time-buyers and getting people onto the housing ladder rather than supporting social housing.

Leadership Board

- 5.7 Commentators have observed that Jenrick and McVey's plans may be constrained by the still-emerging detail of Johnson's fiscal approach and other policy plans.
- 5.8 Thus far, Johnson has promised a new £3.6bn 'Towns Fund' (covering an initial 100 towns) to enable improved transport, broadband connectivity and '*cultural infrastructure*'.
- 5.9 Johnson has stated his intention to upgrade the Leeds to Manchester rail line to high-speed, resuscitating Northern Powerhouse Rail promises first made in 2014. However, critics have noted that Northern Powerhouse rail needs to be more than Manchester-Leeds to have a significant impact on the Northern Powerhouse agenda.
- 5.7 Johnson has discussed intentions to bring forward plans on the UK Shared Prosperity Fund, the domestic economic development fund that is due to replace funds previously available via European Regional Development funding.
- 5.8 Government has suggested that they do not want to rush this process and they want the UK Shared Prosperity Fund to be a well-designed scheme. In the meantime, Treasury has re-confirmed the guarantee announced on 24 July 2018, that organisations that secure funding through EU programmes, from now until the end of 2020, will be guaranteed by the UK government even in a no deal scenario. This means that the UK will continue to participate in all EU programmes until the end of 2020.

6 Political Appointments

- 6.1 Johnson appointed his cabinet on 24 July 2019, describing it as a "Cabinet for modern Britain". While forming his government, Johnson dismissed 11 senior ministers and accepted the resignation of six others. This has been the most extensive Cabinet reorganisation without a change in ruling party in postwar British political history.
- 6.2 Please note for information at Appendix 1 Cabinet Ministers and Political Appointments.

7 Proposals

- 7.1 The Leadership Board is invited to note and comment on the information contained in this report and the Johnson Government's policy priorities in Appendix 2

8 Reasons for the Proposals

Leadership Board

8.1 The information contained in this report will ensure that the NECA Leadership Board is well informed as to the emerging policy intentions of the new Boris Johnson government.

9 Alternative Options Available

9.1 There are no alternative options available.

10 Next Steps

10.1 Further up-dates will be provided to the NECA Leadership Board as and when appropriate.

11 Financial and Other Resources Implications

11.1 There are no direct financial implications associated with this report.

12 Legal Implications

12.1 There are no legal implications arising directly from this report.

13 Key Risks

13.1 There are no risks arising directly from this Report.

14 Equality and Diversity

14.1 There are no specific equality and diversity implications arising from this Report.

15. Appendices

15.1 Appendix 1 – Cabinet Members and Political Appointments

Appendix 2 – Policy Priorities

16. Contact Officers

16.1 Nicola Robason, NECA Deputy Monitoring Officer and Head of Corporate and External Affairs at South Tyneside Council
E-mail: Nicola.robason@southtyneside.gov.uk
Tel: 0191 424 7969

Leadership Board

17. Sign off

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

18. Glossary

- NECA - North East Combined Authority

Leadership Board

APPENDIX 1

Prime Minister and Cabinet Office

Prime Minister of the United Kingdom First Lord of the Treasury Minister for the Civil Service Minister for the Union	The Rt Hon Boris Johnson MP
Chancellor of the Duchy of Lancaster	The Rt Hon Michael Gove MP
Minister without Portfolio	James Cleverly TD VR MP (unpaid; also Chairman of the Conservative Party)
Minister for the Cabinet Office Paymaster General	The Rt Hon Oliver Dowden CBE MP
Minister of State	The Rt Hon Jake Berry MP (jointly with Housing, Communities and Local Government)
Parliamentary Secretary	Chloe Smith MP
Interim Parliamentary Secretary	Kevin Foster MP (jointly with Wales Office and Whips Office)
Parliamentary Secretary	Simon Hart MP
Parliamentary Under-Secretary of State	Johnny Mercer MP (jointly with Defence)

Department of States

Business, Energy and Industrial Strategy

Secretary of State for Business, Energy and Industrial Strategy	The Rt Hon Andrea Leadsom MP
Minister of State for Business and Energy	The Rt Hon Kwasi Kwarteng MP

Leadership Board

Minister of State	The Rt Hon Jo Johnson MP (jointly with Education)
Parliamentary Under-Secretary of State for Small Business, Consumers and Corporate Responsibility	Kelly Tolhurst MP
Parliamentary Under-Secretary of State for Industry	Nadhim Zahawi MP
Parliamentary Under-Secretary of State	The Rt Hon The Lord Duncan of Springbank PC (jointly with Northern Ireland Office)

Defence

Secretary of State for Defence	The Rt Hon Ben Wallace MP
Minister of State for the Armed Forces	The Rt Hon Mark Lancaster TD VR MP
Minister of State for Defence	The Rt Hon The Baroness Goldie DL PC (unpaid)
Parliamentary Under-Secretary of State (Minister for Defence Procurement)	Anne-Marie Trevelyan MP
Parliamentary Under-Secretary of State (Minister for Defence People and Veterans)	Johnny Mercer MP (jointly with Cabinet Office)

Digital, Culture, Media and Sport

Secretary of State for Digital, Culture, Media and Sport	The Rt Hon Nicky Morgan MP
Minister of State for Sport, Media and Creative Industries	Nigel Adams MP
Parliamentary Under-Secretary of State for Arts, Heritage and Tourism	Rebecca Pow MP
Parliamentary Under-Secretary of State for Digital and Broadband	Matt Warman MP

Leadership Board

Parliamentary Under-Secretary of State for Civil Society	The Rt Hon The Baroness Barran MBE PC
--	---------------------------------------

Education

Secretary of State for Education	The Rt Hon Gavin Williamson CBE MP
Minister of State for School Standards	The Rt Hon Nick Gibb MP
Minister of State for Universities	The Rt Hon Jo Johnson MP (jointly with BEIS)
Parliamentary Under-Secretary of State for Children and Families	Kemi Badenoch MP
Parliamentary Under-Secretary of State for the School System	The Rt Hon The Lord Agnew of Oulton DL (unpaid)

Environment, Food and Rural Affairs

Secretary of State for Environment, Food and Rural Affairs	The Rt Hon Theresa Villiers MP
Minister of State for Environment and Rural Opportunity	Thérèse Coffey MP
Minister of State for Agriculture, Fisheries and Food	George Eustice MP
Parliamentary Under-Secretary of State	Zac Goldsmith MP (jointly with International Development)
Parliamentary Under-Secretary of State for Rural Affairs and Biosecurity	The Rt Hon The Lord Gardiner of Kimble PC

Equalities Office

Minister for Women and Equalities	The Rt Hon Amber Rudd MP (jointly with Work and Pensions)
-----------------------------------	---

Leadership Board

Minister of State (Minister for Equalities)	The Rt Hon The Baroness Williams of Trafford PC (jointly with Home Office and Work and Pensions)
Parliamentary Under-Secretary of State (Minister for Women)	Victoria Atkins MP (jointly with Home Office and Work and Pensions)

Exiting the European Union

Secretary of State for Exiting the European Union	The Rt Hon Stephen Barclay MP
Minister of State	The Rt Hon The Lord Callanan PC
Parliamentary Under-Secretary of State	James Duddridge MP

Foreign and Commonwealth Office

Secretary of State for Foreign and Commonwealth Affairs First Secretary of State	The Rt Hon Dominic Raab MP
Minister of State for Europe and the Americas	The Rt Hon Christopher Pincher MP
Minister of State for the Middle East and North Africa	The Rt Hon Dr Andrew Murrison MP (jointly with International Development)
Minister of State for Africa	Andrew Stephenson MP (jointly with International Development)
Minister of State for the Commonwealth, the UN and South Asia	The Rt Hon The Lord Ahmad of Wimbledon PC
Parliamentary Under-Secretary of State (Minister for Asia and the Pacific)	Heather Wheeler MP

Health and Social Care

Secretary of State for Health and Social Care	The Rt Hon Matt Hancock MP
---	----------------------------

Leadership Board

Minister of State for Health	Chris Skidmore MP
Minister of State for Care	Caroline Dinenage MP
Parliamentary Under-Secretary of State	Jo Churchill MP
Parliamentary Under-Secretary of State	Nadine Dorries MP
Parliamentary Under-Secretary of State	The Rt Hon The Baroness Blackwood of North Oxford

Home Office

Secretary of State for the Home Department	The Rt Hon Priti Patel MP
Minister of State for Security	The Rt Hon Brandon Lewis MP
Minister of State for Policing and Crime	Kit Malthouse MP
Minister of State for Countering Extremism	The Rt Hon The Baroness Williams of Trafford PC (jointly with Equalities Office)
Parliamentary Under-Secretary of State for Crime, Safeguarding and Vulnerability	Victoria Atkins MP (jointly with Equalities Office)
Parliamentary Under-Secretary of State for Immigration	Seema Kennedy MP

Housing, Communities & Local Government

Secretary of State for Housing, Communities and Local Government	The Rt Hon Robert Jenrick MP
Minister of State for Housing	The Rt Hon Esther McVey MP
Minister of State for the Northern Powerhouse and Local Growth	The Rt Hon Jake Berry MP (jointly with Cabinet Office)
Parliamentary Under-Secretary of State (Minister for Local Government and Homelessness)	Luke Hall MP

Leadership Board

Parliamentary Under-Secretary of State (Minister for Faith and Communities)	The Rt Hon The Viscount Younger of Leckie
---	---

International Development

Secretary of State for International Development	The Rt Hon Alok Sharma MP
Minister of State for International Development	The Rt Hon Dr Andrew Murrison MP (jointly with the FCO)
Minister of State	Andrew Stephenson MP (jointly with the FCO)
Parliamentary Under-Secretary of State	Zac Goldsmith MP (jointly with DEFRA)
Parliamentary Under-Secretary of State for International Development	The Rt Hon The Baroness Sugg CBE

International Trade

Secretary of State for International Trade President of the Board of Trade	The Rt Hon Liz Truss MP
Minister of State for International Trade	Conor Burns MP
Parliamentary Under-Secretary of State (Minister for Investment)	Graham Stuart MP

Justice

Lord Chancellor Secretary of State for Justice	The Rt Hon Robert Buckland QC MP
Advocate General for Scotland Spokesperson for the Lords	The Rt Hon The Lord Keen of Elie QC PC
Minister of State	Lucy Frazer QC MP
Parliamentary Under-Secretary of State	Wendy Morton MP

Leadership Board

Parliamentary Under-Secretary of State	Edward Argar MP
--	-----------------

Northern Ireland Office

Secretary of State for Northern Ireland	The Rt Hon Julian Smith MP
Minister of State for Northern Ireland (Minister for London)	The Rt Hon Nick Hurd MP
Parliamentary Under-Secretary of State	The Hon Robin Walker MP (jointly with Scotland Office)
Parliamentary Under-Secretary of State for Northern Ireland	The Rt Hon The Lord Duncan of Springbank PC (jointly with BEIS)

Scotland Office

Secretary of State for Scotland	The Rt Hon Alister Jack MP
Parliamentary Under-Secretary of State for Scotland	Colin Clark MP (jointly with Whips Office)
Parliamentary Under-Secretary of State	The Hon Robin Walker MP (jointly with Northern Ireland Office)

Transport

Secretary of State for Transport	The Rt Hon Grant Shapps MP
Minister of State for Transport	Chris Heaton-Harris MP
Minister of State for Transport	George Freeman MP
Parliamentary Under-Secretary of State for Transport	Nusrat Ghani MP (jointly with Whips Office)
Parliamentary Under-Secretary of State for Transport	Paul Maynard MP
Parliamentary Under-Secretary of State for	The Rt Hon The Baroness Vere of

Leadership Board

Transport	Norbiton
-----------	----------

Treasury

Chancellor of the Exchequer Second Lord of the Treasury	The Rt Hon Sajid Javid MP
Chief Secretary to the Treasury	The Rt Hon Rishi Sunak MP
Financial Secretary to the Treasury	Dr Jesse Norman MP
Economic Secretary to the Treasury	John Glen MP (Paid as a Parliamentary Secretary)
Exchequer Secretary to the Treasury	Simon Clarke MP (Paid as a Parliamentary Secretary)

Wales Office

Secretary of State for Wales	The Rt Hon Alun Cairns MP
Parliamentary Under-Secretary of State	Kevin Foster MP (jointly with Cabinet Office and Whips Office) (unpaid)

Work and Pensions

Secretary of State for Work and Pensions	The Rt Hon Amber Rudd MP (jointly with Equalities Office)
Minister of State for Disabled People, Health and Work	Justin Tomlinson MP
Parliamentary Under-Secretary of State for Pensions and Financial Inclusion	Guy Opperman MP
Parliamentary Under-Secretary of State for Family Support, Housing and Child Maintenance	Will Quince MP
Parliamentary Under-Secretary of State	Mims Davies MP
Parliamentary Under-Secretary of State for Work and Pensions	The Rt Hon The Baroness Stedman- Scott OBE DL

Leadership Board

Minister of State for Equalities	The Rt Hon The Baroness Williams of Trafford PC (jointly with Equalities Office)
Parliamentary Under-Secretary of State (Minister for Women)	Victoria Atkins MP (jointly with Equalities Office)

Law Officers

Attorney General's Office

Attorney General for England and Wales	The Rt Hon Geoffrey Cox QC MP
Solicitor General for England and Wales	Michael Ellis MP

Office of the Advocate General

Advocate General for Scotland	The Rt Hon The Lord Keen of Elie QC PC
-------------------------------	--

Parliament

House Leaders

Leader of the House of Commons Lord President of the Council	The Rt Hon Jacob Rees-Mogg MP
Leader of the House of Lords Lord Privy Seal	The Rt Hon The Baroness Evans of Bowes Park PC
Deputy Leader of the House of Lords	The Rt Hon The Earl Howe PC

House of Commons Whips

Chief Whip of the House of Commons Parliamentary Secretary to the Treasury	The Rt Hon Mark Spencer MP
Deputy Chief Whip Treasurer of HM Household	Amanda Milling MP
Whip Comptroller of HM Household	Jeremy Quin MP

Leadership Board

Whip Vice-Chamberlain of the Household	Stuart Andrew MP
Whips Lords Commissioners of the Treasury	Colin Clark MP (jointly with Scotland Office) (unpaid)
	Michelle Donelan MP
	Mike Freer MP
	Rebecca Harris MP
	David Rutley MP
	Nusrat Ghani MP (jointly with Transport)
Assistant Whips	Kevin Foster MP (jointly with Cabinet Office and Wales)
	Leo Docherty MP
	Nigel Huddleston MP
	Marcus Jones MP
	James Morris MP
	Tom Pursglove MP
	Iain Stewart MP

House of Lords Whips

Chief Whip of the House of Lords Captain of the Honourable Corps of Gentlemen-at-Arms	The Rt Hon The Lord Ashton of Hyde PC
Deputy Chief Whip Captain of the Yeomen of the Guard	The Rt Hon The Earl of Courtown
Whips Baronesses and Lords in waiting	The Rt Hon The Baroness Berridge (unpaid)
	The Rt Hon The Baroness Bloomfield of Hinton Waldrist (unpaid)
	The Rt Hon The Lord Young of Cookham CH PC
	The Rt Hon The Lord Bethell
	The Rt Hon The Baroness Chisholm of Owlpen

Appendix 2

APPENDIX 2
The Johnson Government's policy priorities

Key Policy Confirmed Policy dropped or likely to be dropped

	The Prime Minister's agenda	Secretary of States' agenda	Teresa May's agenda
Treasury & Financial Services	<ul style="list-style-type: none"> Increase No Deal contingency planning Business rates review Encourage more investment and research through tax incentives 	<ul style="list-style-type: none"> Fast-track 1 year Spending Review to release funding for NHS, education and police 	<ul style="list-style-type: none"> Digital Services Tax
Health & Social Care	<ul style="list-style-type: none"> Social Care review NHS capital funding for hospital upgrades Reduce GP wait times Support for use of medical cannabis for certain NHS patients No more alcohol or tobacco tax rises 	<ul style="list-style-type: none"> Reform pensions annual allowance for NHS doctors Embedding more digital and new tech in the NHS 	<ul style="list-style-type: none"> Honour Long-term NHS funding Settlement Plans to extend Sugary Soft Drinks Levy; and for Chief Medical Officer to promote extension of policy to certain foods
Education	<ul style="list-style-type: none"> Increase per pupil funding in primary and secondary schools £100m re-skilling fund Greater support for further education 	<ul style="list-style-type: none"> Review of Apprenticeships Levy 	<ul style="list-style-type: none"> The proposal to lower university students fees as part of the Auger review Establish more grammar schools
Home Affairs, Security and Immigration	<ul style="list-style-type: none"> Social encourage Chinese investment, but in non-contentious infrastructure review Increase stop and search powers Points-based immigration system post-Brexit Recruit 20,000 police in the next three years Overseas students exempt from immigration cap End limit on exceptional talent visas 	<ul style="list-style-type: none"> Hard line on Drugs offences Stronger Border Control Remove requirement for police officers to hold degree 	
Business and Trade	<ul style="list-style-type: none"> Freeport's in certain areas of the Country Free Trade Deals 	<ul style="list-style-type: none"> Step up export support Keep down costs on imported products in event of No Deal Boosts innovation funding in sectors such as health, low-carbon energy, advanced manufacturing 	<ul style="list-style-type: none"> Support for development of space-ports Formal Industrial Strategy approach

Appendix 2

	The Prime Minister's agenda	Secretary of States' agenda	Teresa May's agenda
Employment	A higher living wage		Good Work Plan proposals to provide more rights to workers Net zero carbon emissions target Maintenance of 3 week wait receive to payment under Universal Credit
Foreign Policy & Defence Aid	Lifelong support for Veterans (new Office for Veteran's Affairs) Greater outreach to LDCs, particularly in Commonwealth, on agricultural support and trade	Historic claims against armed forces dropped	Continuation of defence spending in line with NATO commitments Link some of aid budget to Department for International Trade work and objects
Digital, Culture, Media & Sport	Rollout super-fast broadband to all households by 2025		End automatic free TV licences for over 75s Limit stake on FOSTs bet to £2
Energy, Environment and food	Protection for farmers from export tariffs Liberalise anti genetic modification rules Animal welfare	Clearer labelling system for recyclable and non-recyclable materials	Investment in battery storage Energy price continuation Net zero carbon emissions target
Housing and Communities	Affordable rent/shared ownership scheme Increased Coastal Towns Fund Increase threshold for paying Stamp Duty, and look at who pays Increase homelessness funding	Liberalisation of Planning Review of extension of Help to Buy	Embed 'build beautiful' standards Midlands Engine focus Ban on 'no fault' evictions
Devolution	More devolutions for existing Mayors An increase in City deals	Bring London commuter rail under the responsibility of TfL	
Transport	HS2 to go ahead Investment in bus services outside London New road spending New high speed rail line connecting Leeds and Manchester	Address train punctuality; await Williams review output Decarbonisation of transport Support for general aviation	Allow Heathrow 3 rd runway process to plot out e.g. legal challenge 2040 petrol and diesel new vehicle ban

Appendix 2

	The Prime Minister's agenda	Secretary of States' agenda	Teresa May's agenda
Employment	A higher living wage		Good Work Plan proposals to provide more rights to workers Net zero carbon emissions target Maintenance of 5 week wait receive to payment under Universal Credit
Foreign Policy & Defence Aid	Lifelong support for Veterans (new Office for Veteran's Affairs) Greater outreach to LDCs, particularly in Commonwealth, on agricultural support and trade	Historic claims against armed forces dropped	Continuation of defence spending in line with NATO commitments Link some of aid budget to Department for International Trade work and objects
Digital, Culture, Media & Sport	Rollout super-fast broadband to all households by 2025		End automatic free TV licences for over 75s Limit stake on FOTBs bet to £2
Energy, Environment and food	Protection for farmers from export tariffs Liberalise anti genetic modification rules Animal welfare	Clearer labelling system for recyclable and non-recyclable materials	Investment in battery storage Energy price continuation Net zero carbon emissions target
Housing and Communities	Affordable rent/shared ownership scheme Increased Coastal Towns Fund Increase threshold for paying Stamp Duty, and look at who pays Increase homelessness funding	Liberalisation of Planning Review of extension of Help to Buy	Embed 'build beautiful' standards Midlands Engine focus Ban on 'no fault' evictions
Devolution	More devolutions for existing Mayors An increase in City deals	Bring London commuter rail under the responsibility of TfL	
Transport	HS2 to go ahead Investment in bus services outside London New road spending New high speed rail line connecting Leeds and Manchester	Address train punctuality; await Williams review output Decarbonisation of transport Support for general aviation	Allow Heathrow 3 rd runway process to plat out e.g. legal challenge 2040 petrol and diesel new vehicle ban

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

Agenda Item 13

Document is Restricted