

Leadership Board

Tuesday 20th March, 2018 at 2.00 pm

Meeting to be held at Committee Room, Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

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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	1 - 8
For approval as a correct record.	
4. Updates from Thematic Leads	
(a) Economic Development and Regeneration	9 - 22
(b) Employability and Inclusion	23 - 36
(c) Transport and Digital Connectivity	37 - 44
5. North East Combined Authority Revenue Budget Monitor 2017/18 and Closure of Accounts Process	45 - 52
6. North of Tyne Proposals - Consent to Secretary of State's Order	53 - 56

7. **Date and Time of Next Meeting**

Tuesday, 19 June 2018 at 2pm (Annual Meeting).

8. **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.

9. **Funding Approvals**

57 - 62

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

Leadership Board

16 January 2018

Meeting held in a Committee Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

Present:

Councillor S Henig (Chair)

Councillors M Gannon, A Kerr, J McCarty, B Pickard and H Trueman and Mr A Hodgson

60 APPOINTMENT OF CHAIR FOR THE PURPOSE OF THE MEETING

Councillor S Henig, the only Vice-Chair present at the meeting, chaired the meeting.

61 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillors N Forbes, P Jackson and I Malcolm and Mayor N Redfearn.

The Chair explained that, although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the reports for agenda items 7 (Budget 2018/19 and Transport Levies) and 8 (Capital Programme 2018/19 and Treasury Management Policy and Strategy 2018/19).

Councillor N Oliver, Northumberland County Council, was present as an observer.

62 DECLARATIONS OF INTEREST

Councillor A Kerr declared an interest in agenda item 9 (Project Approvals – South Shields Transport Interchange Local Growth Fund Approval) as the Deputy Leader and representative of South Tyneside Council, the council that was the beneficiary under the proposed scheme. The Monitoring Officer confirmed that dispensation in relation to this interest had been granted and Councillor A Kerr could participate in the consideration of this agenda item.

63 MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2017

The minutes of the previous meeting held on 21 November 2017 were approved as a correct record and signed by the Chair.

64 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 12 DECEMBER 2017

The minutes of the extraordinary meeting held on 12 December 2017 were approved as a correct record and signed by the Chair.

65 **UPDATES FROM THEMATIC LEADS**

(a) **Economic Development and Regeneration**

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and copy attached to Official Minutes).

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

Members welcomed the progress to date and noted the forthcoming opportunities to promote the North East for investment.

RESOLVED – That the report be noted.

(b) **Employability and Inclusion**

Submitted: An update report of the Thematic Lead for Employability and Inclusion (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on progress in delivering the Employability and Inclusion and Skills themes of the Strategic Economic Plan.

Members noted the ongoing issue of the impact of Universal Credit on people in the region and the importance of continuing to flag this matter up and lobby the government.

RESOLVED – That the report be noted.

(c) **Transport and Digital Connectivity**

Submitted: An update report of the Thematic Lead for Transport (previously circulated and copy attached to Official Minutes).

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

As an update and as highlighted by A Hodgson of the North East Local Enterprise Partnership, Members welcomed the launch of the Strategic Transport Plan and noted the amount of work to be undertaken further. Members also noted the role and value of Transport for the North in offering a platform for engagement and influencing transport development both regionally and nationally. In welcoming the advantages of the Strategic Transport Plan, including its coverage of three regions, the Chair particularly welcomed the inclusion of A66 across the Pennines as well as the north-to-south routes. In welcoming the great momentum for delivery, he also commented on the importance of participating in and influencing discussions on transport to ensure a fair share for the region.

Members welcomed the recent launch of the Blue Pop Card providing discounted travel for young people on Metro.

Members also welcomed progress with regard to the securing investment in the new fleet for Metro and noted that a substantial amount of work was required to deliver the scheme. A Member suggested that this development presented an opportunity to set out a long-term vision for transport connectivity for the region.

Members also noted the following:

- the importance of continuing to working jointly to prepare proposals to secure funding for transport for the region;
- the importance of alignments of key issues within and across plans and schemes; and
- the disappointment of not being able to bid for 5G Test Bed in the first round of funding and the opportunity for success in the next round.

RESOLVED – That the report be noted.

66 **BUDGET 2018/19 AND TRANSPORT LEVIES**

Submitted:

- i. A report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes); and
- ii. A supplemental report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which set out the 2018/19 revenue budget and transport levies for the North East Combined Authority (NECA).

Members also considered the supplemental report which set out a proposed response to a letter from the North East England Chamber of Commerce, which had been received as part of the 2018/19 NECA Budget consultation and referred to in Appendix I of the main report.

As an update, the Chair explained that although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the report.

RESOLVED – That:

A. The position of Northumberland County Council in supporting the recommendations in the report via a letter to the Leadership Board be accepted;

And

- a) a transport net revenue budget for 2018/19 of £83,647,746 as set out in section 4 of this report be agreed;
- b) the following Transport Levies for 2018/19 be agreed:
- | | |
|---|-------------|
| a. Durham County Council | £15,696,866 |
| b. Northumberland County Council | £6,150,880 |
| c. Tyne and Wear Councils (detailed in table 6) | £61,800,000 |
- c) a transport revenue grant to Durham County Council for the delivery of transport services of £15,691,866 as outlined in section 4.4 be agreed;
- d) a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,145,880 as outlined in section 4.5 be agreed;
- e) a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £59,700,000 as outlined in section 4.6 be agreed;
- f) the continuation of funding for the Regional Transport Team as set out in section 4.9 be agreed;
- g) the funding arrangement for the Tyne and Wear Urban Transport Management Centre (UTMC) set out in section 4.10 be agreed;
- h) a budget for the corporate costs of the NECA of up to £374,610, with a continuation of the current contribution of £300,000 paid for by an equal contribution of £42,857 from each of the seven councils in NECA, as set out in section 5, be agreed;
- i) agreement be given to continue a contribution to fund the North East LEP core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714 from each of the councils in the NECA, as part of an estimated budget of £2.96m, as set out in section 6;
- j) agreement be given the continuation of the budget contribution of £140,000 towards inward investment activity, which was paid for by an equal contribution of £20,000 from each of the seven councils in NECA, as set out in section 7, contributing to a total budget for this area of activity of £460,000.
- k) agreement be given to a budget of up to £25,000, funded from interest earned, to provide support for the Skills portfolio and up to £25,000 to fund the Economic Development and Regeneration Advisory Board (EDRAB) portfolio activity, as set out in sections 8;
- l) the Leadership Board noted that the Treasury Management and Investment Strategy and the statement on Minimum Revenue Provision for borrowed capital expenditure for 2018/19 were set out in the report on the Capital Programme on this agenda; and
- m) agreement be given to holding the level of reserves set out in section 9.1, and the Leadership Board noted that the Chief Finance Officer considered

this level of reserves to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the NECA.

B. The above resolutions be recorded and take effect as unanimous resolutions of the Leadership Board.

C. The proposed response to the North East Chamber of Commerce be supported.

And

D. Delegated authority be given to the Head of Paid Service in consultation with the Vice-Chairs of the Leadership Board, the Chief Finance Officer and the Monitoring Officer to finalise the response from NECA to the North East England Chamber of Commerce.

67 **CAPITAL PROGRAMME 2018/19 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2018/19**

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

Members considered the report which provided an update on the forecast capital outturn position for 2017/18 of £132.2m and presented the initial 2018/19 capital programme of £176.2m for approval. Approval was also sought for the Treasury Management and Investment Policy and Strategy for 2018/19 and the Minimum Revenue Provision Statement for 2018/19.

As an update, the Chair explained that although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the report.

It was also noted that work was underway to provide an update on the costs of the Tyne Pedestrian and Cyclist Tunnels and this would be reported to the Transport North East (Tyne and Wear) Sub-Committee and then to a future meeting of the Leadership Board.

As an amendment, it was noted that the status of the International Advanced Manufacturing Park project and Gateshead Quays project should read “approved”.

RESOLVED – That:

- (i) the position of Northumberland County Council in supporting the recommendations in the report via a letter to the Leadership Board be accepted;
- (ii) the latest position in respect of the 2017/18 capital programme, set out in section 2, be noted;

- (iii) the proposed approach to maximising Local Growth Fund capital spending in 2017/18, set out in section 2.3 of the report, which will be subject to approval by the North East Local Enterprise Partnership (NELEP) Board, be agreed;
- (iv) the proposed initial capital programme for 2018/19, which amounts to £176.2m, with an estimated outturn spend of £138.7m after taking account of over-programming, as set out in section 3, be approved;
- (v) the Treasury Management Strategy for 2018/19 (including the Borrowing and Investment Strategies) and the Prudential Indicators as set out in Appendix C be approved; and
- (vi) the Minimum Revenue Provision Statement for 2018/19 as set out in Appendix D be approved.

And

B. The above resolutions be recorded and take effect as unanimous resolutions of the Leadership Board.

68 PROJECT APPROVALS: SOUTH SHIELDS TRANSPORT INTERCHANGE LOCAL GROWTH FUND APPROVAL

Submitted: A report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which sought advance approval to the release of Local Growth Fund (LGF) grant which formed part of the programme to be considered at the North East Local Enterprise (LEP) Board meeting on 25th January 2018, in particular the release of LGF grant of £6m for the South Shields Transport Interchange project.

RESOLVED – That:

- i. A grant of £6m for the South Shields Transport Interchange, subject to the approval of the LEP Board and the conditions to be attached to the grant, as set out in section 2, be agreed. The Leadership Board noted that this was in addition to the £3.4m stage 1 grant approval that had been approved by the Leadership Board on 21st March 2017; and
- ii. The Monitoring Officer be authorised to finalise and enter into any legal and grant funding documentation required to enable the approved scheme in this report to proceed.

69 METRO FUTURES NEW FLEET PROCUREMENT UPDATE

Submitted: A report of the Managing Director Transport Operations (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the funding for the Metro Futures Fleet Procurement Programme and sought endorsement for Nexus to begin procurement.

The Chair, on behalf of the Leadership Board, congratulated T Hughes, the Managing Director Transport Operations, and his team on success in securing funding for the new Metro fleet and thanked him and the team for the hard work undertaken to date.

RESOLVED – That:

- i. The government's confirmation that it would directly contribute £337m towards the new fleet and its maintenance be noted;
- ii. Nexus' intended approach to procurement of a new fleet of Metro trains, a new maintenance facility and a long-term fleet maintenance contract as set out in paragraph 2.2 be endorsed; and
- iii. The design features for the new Metro trains that Nexus intended to include in its specification as set out in paragraphs 2.11 - 2.14 be endorsed.

70 **THE SETUP OF A NOT FOR PROFIT COMPANY - COMPANY LIMITED BY GUARANTEE**

Submitted: A report of the Head of Paid Service and Monitoring Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which sought agreement to establishing a company limited by guarantee sitting alongside the current LEP model to be responsible for procuring external funding and the delivery of specific projects in furtherance of the Strategic Economic Plan (SEP).

RESOLVED – That authority be delegated to the Head of Paid Service, on the advice of and in consultation with the Chief Financial Officer and Monitoring Officer, to take all steps necessary or desirable to establish a company limited by guarantee without limitation, to approve the form of the company's constitutional documents and other documents to be filed in connection with the formation of the company.

71 **DATE AND TIME OF NEXT MEETING**

Tuesday, 20 March 2018 at 2pm at South Tyneside.

72 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A press and public be excluded from the meeting for the duration of consideration of agenda items 14 and 15 (Confidential Minutes of the Previous Meeting Held on 21 November 2017 and Confidential Minutes of the Previous Meeting Held on 12 December 2017) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

73 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2017**

The confidential minutes of the previous meeting held on 21 November 2017 were approved as a correct record and signed by the Chair.

74 **CONFIDENTIAL MINUTES OF THE EXTRAORDINARY MEETING HELD ON 12 DECEMBER 2017**

The confidential minutes of the previous meeting held on 12 December 2017 were approved as a correct record and signed by the Chair.



Economic Development and Regeneration Advisory Board

Date: 27th March 2018

Subject: Economic Development and Regeneration Progress Update

Report of: Thematic Lead for Economic Development and Regeneration

Economic Development and Regeneration Advisory Board

Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

Recommendations

The Advisory Board is recommended to note this report for information.

Economic Development and Regeneration Advisory Board

1. Background Information

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

- Invest North East England activities
- Government Policy Update
- European Structural Investment Funds
- Enterprise Zone Update
- North East LEP: Our Economy: State of the Region

1.2 The Advisory Board is recommended to receive the update for information.

2. Invest North East England Activities

2.1 Successes to date 2017/18

In the first three quarters of 2017/18 (April-December) there have been 57 inward investment projects land in the NECA area resulting in 1,491 new jobs and over 500 safeguarded jobs.

- There are 44 FDI projects resulting in 1287 new jobs
- There are 13 UK projects resulting in 204 new jobs

Inward Investment Successes – Sectors - FDI & UK Investment

Sector	FDI Projects	FDI Jobs	UK Projects	UK Jobs
Financial Professional and Business Services	3	93	7	88
Energy	4	500	0	0
Life Science	1	10	1	5
Automotive	4	38	1	50
Advanced Manufacturing	21	514	2	56
Tech (IT/Software)	10	102	1	4
Rail	1	30	1	1
TOTAL	44	1287	13	204

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2.2 Current Enquiries

The Invest North East England Team (INEE) is busy handling a range of enquiries. Good quality enquiries have been generated through the OCO lead generation contract in London, direct via the INEE website, and through DIT.

Current enquiries on the INEE pipeline include both UK and foreign owned enquiries in a number of sectors from life sciences, software, contact centres, automotive and other advanced manufacturing including offshore energy. Of particular interest is a very significant potential advanced manufacturing enquiry for the energy sector, a significant enquiry from a large US software company and a number of potentially significant business services enquiries.

2.3 Overview of INEE work with the Department of International Trade (DIT)

The INEE Team is the single point of contact for the North East with the DIT. The Team works with DIT in a number of ways, including:

- INEE receives enquiries direct from DIT and provides responses to these enquiries, organises visits for companies, sometimes in conjunction with DIT.
- INEE and local authority partners work closely with the DIT's Investment Services Team to secure investments from these enquiries.
- INEE and local authorities work with sector bodies within DIT (for example the Offshore Wind Organisation and the Automotive Investment organisation) to secure investments in these sectors.
- INEE works with DIT to ensure all inward investment successes from foreign direct investment in the region are logged and fed into the national DIT statistics.
- INEE works with DIT Northern Powerhouse to promote the North of England to potential investors through the production of proposition materials, and through exhibitions and visits.
- The DIT Northern Powerhouse has a number of sector specialists and INEE works closely with the specialists on possible investment projects. Sector specialists cover the following areas:
 - Advanced manufacturing
 - Digital
 - Energy
 - Life Sciences
 - Financial and Professional Services.
- Resources have been secured through the DIT Northern Powerhouse team to provide key account management to companies in the North East (see below).
- INEE provides support to 'Developing Sector Knowledge' (DSK) visits (see below)

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2.4 DIT Account Management Resource

Contracts have been running since April 2017 to broaden the delivery of Strategic Account Management of foreign owned firms in the North East. DIT Northern Powerhouse (NPH) have committed funding through a contract with NECA to enable local authority partners to deliver additional account management which adds value to the existing arrangements delivered by DIT.

The initial operational period of this contract has been successful. It is anticipated that a similar resource will be available from DIT in 2018/19.

2.5 Developing Sector Knowledge

DIT staff located overseas in consular offices are referred to as Posts. The worldwide network of Posts provide the DIT with intelligence on overseas companies and key leads relating to companies located in those countries who are considering an investment in the UK.

It is vitally important that these Posts understand the capabilities and opportunities available across the UK, rather than being focused on London and the South East. As such, Posts with responsibility for developing in-market company relationships and leads, attend visits to the UK called DSK, or developing sector knowledge, so they are better equipped to 'sell' the whole UK offering.

INEE has regularly organised the North East elements of DSKs. In the past three years DSKs in a number of sectors have been hosted by INEE including: Business Services; IT and Digital; Automotive; and Energy.

A DSK visit to the North East took place on Wednesday 7th March which focused on Life Sciences. INEE arranged the programme for the 15 overseas Posts from a variety of countries. As well as a visit to a local biotechnology company (Thermo Fisher Scientific), INEE, along with the North East LEP, arranged for a number of presentations from local businesses, universities, medical support agencies and local authorities.

The objective of visits is to ensure that the Posts leave the region with a good understanding of the significant strengths and capabilities in the North East life sciences sector as well as the main areas of opportunity for collaboration and investment available here. The Posts will be expected to use this new knowledge to highlight these strengths to suitable companies in their host country.

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3. Government Policy Update

3.1 Post-18 Education Review

The government has announced a review of post-18 education to ensure that more people have a genuine choice of quality technical and academic options.

The UK has a globally recognised higher education system, with record rates of young people, including those from disadvantaged backgrounds, going to university. Work is also underway to reform post-16 technical education with the introduction of T levels, which will provide technical qualifications to rival traditional academic options and the full introduction of apprenticeship standards. These are designed by employers to ensure that apprentices graduate with industry standard skills and qualifications.

The review will ensure that post-18 education gives everyone a genuine choice between high quality technical, vocational and academic routes, students and taxpayers are getting value for money and employers can access the skilled workforce they need.

The review will be informed by independent advice and will focus on the following:

- **Choice:** identifying ways to help people make more effective choices between the different options available after 18, so that they can make more informed decisions about their futures. This could include more information about earning potential of different jobs and what qualifications are needed to get them, as well as ensuring they have access to a genuine range of high quality academic, technical or vocational routes.
- **Value for money:** looking at how student and graduates contribute to the costs of their studies, to ensure funding arrangements across post-18 education in the future are transparent and do not stop people from accessing higher education or training.
- **Access:** enabling people from all backgrounds to progress and success in post-18 education, while also examining how disadvantaged students receive additional financial support from the government, universities and colleges.
- **Skills provision:** future –proofing the economy by making sure we have a post-18 education system that is providing the skills that employers need.

The review will conclude in early 2019.

3.2 Taylor Review of Modern Working Practices: Government Response

The government responded to the Taylor Review of Modern Working Practices and made the following announcements a commitment to publish a 'Good Work plan' which

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will address the challenges and opportunities of modern ways of working. The Good Work plan will:

- Place accountability on the government to protect workers rights by:
 - taking further action to ensure unpaid interns are not doing the jobs of a worker
 - introducing a new naming scheme for employers who fail to pay employment tribunal awards
 - quadruple employment tribunal fines for employers showing malice, spite or gross oversight to £20,000 and consider increasing penalties for employers who have previously lost similar cases

- Place responsibility on the government to ensure workers are fully paid by:
 - providing all 1.2 million agency workers with a clear breakdown of who pays them and any costs or charges deducted from their wages
 - asking the Low Pay Commission to consider the impact of higher minimum wage rates for workers on zero-hour contracts
 - consider repealing laws allowing agencies to employ workers on cheaper rates

- Increase transparency in the business environment by:
 - defining 'working time' for flexible workers who find jobs through apps or online so they know when they should be being paid
 - launching a task force with business to promote awareness and take-up of the right to request flexible working introduced in 2014
 - making sure new and expectant mother know their workplace rights and raise awareness amongst employers of their obligations
 - launching a new campaign to encourage more working parents to share childcare through Shared Parental Leave – a right introduced in 2015

Quality work will also be considered by the government when agreeing new sector deals with industry, encouraging employers to show how they are investing in their workforces to improve productivity.

The Department for Business, Energy and Industrial Strategy will work with labour market experts, trade unions and the business community to measure the standards of quality work established in the Taylor Review

3.3 National Retraining Partnership

The Industrial Strategy white paper outlined plans to form a partnership between the Treasury, the Confederation for Business Industry and the Trade Union Congress to

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develop programmes to drive up adult learning and retraining. The National Retraining Scheme will boost productivity and tackle skills shortages in sectors identified as areas of growth including construction, automotive, artificial intelligence and creative industries to ensure that people are given every opportunity to succeed in the new economy, and how British firms can be supported to create better, higher-paid jobs.

The first projects to benefit include £30 million which will be invested in the retraining scheme to test the use of intelligence and innovative education technology in online digital skills courses. A further £34 million will be used to expand construction training programmes to train people for jobs such as groundworkers, bricklayers, roofers and plasterers

4. European Structural & Investment Funds

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

4.2 European Regional Development Fund (ERDF)

The notional allocation for the More Developed (MD) area is £152.7m, and in the Transitional (T) area is £75.4m. The overall project pipeline (including legally committed, contracting, appraisal and Full and Outline Application stage) is £164.2m representing 72% of total allocation. Exchange rate changes could result in additional allocations being made available.

A Sustainable Urban Development (SUD) call was announced 15 September, for the MD area. The total funding available for SUD projects is £18.6m. The deadline for EOIs is 30 March 2018 with two review points at; 30 November 2017 and 31 January 2018. Bids have been submitted at both of the review points and are currently in appraisal.

Twelve bids for the 2 calls, which closed 26 January 2018, are currently under appraisal.

Four new calls are planned for release in March 2018;

- PA3 (Enhancing the Competitiveness of Small and Medium Sized Enterprises) International Trade (national Call with specific requirements for each area. NE element £2.3m (£1.8m MD 0.5m T)
- PA3 (Enhancing the Competitiveness of Small and Medium Sized Enterprises

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£4.2m MD £11m T)

- PA1 (Promoting Research and Innovation £4.62m, MD £3.3m T)
- PA4 (Supporting the Shift Towards a Low Carbon Economy in all Sectors, £15.3m, T)

JEREMIE 2 – ‘North East Fund of Funds’ will be launched by the end of March.

4.3

European Social Fund (ESF)

Across the whole NECA area there is a notional allocation of £144.6m

Four of the six ESF calls closed during the last reporting period have been assessed but, as of 16 Feb, no decisions have been communicated to the bidders;

- North East Ambition Pilot Strategic Framework - £3m – 1 (Outline Application)OA under consideration
- North East Ambition Pilot Tailored Delivery- £3m - 1 OA under consideration
- Digital Skills North East - £20m – 4 OA under consideration
- North East Specialist Support for the Unemployed/Inactive (Health Barriers and 50+) - £6m – 6 OA under consideration
Still to be assessed by DWP;
- Raising the Skill Levels of the North East Health and Social Care workforce - £5m
- Specialist Support for those Furthest Away from the Labour Market - £8m

Employment Support for Young People 18 -29 received 11 bids and 8 have been approved to Full Application, with the condition that the bidders work through Technical Assistance (TA) colleagues to ensure alignment and minimise duplication. In January 2018 the TA network held a workshop for the bidders to support this.

DWP have not yet issued a timetable for future calls.

4.4

European Agricultural Fund for Rural Development (EAFRD)

EAFRD funds form part of the National Growth Programme, from which the North East received an allocation of £10.5m. Although a number of scattered localities are potentially eligible for EAFRD funding in Tyne and Wear, the focus is on the designated rural areas of Northumberland, Durham and neighbouring parts of western Gateshead, including the Derwent Valley.

Open calls, with an extended closing date of 31 May 2018 and a value of £9.7m capital funding, to create jobs in rural areas are:

- Business Development - £1.4m
- Rural Tourism Infrastructure – £6.7m

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- Food Processing – £1.6m

The North East LEP and RPA held 2 publicity workshops in December. Both events were well attended and raised a lot of interest under all themes.

A £30m call for Broadband Infrastructure was announced on 13 October with a closing date of 31 May 2018.

The North East LEP held 1 well attended regional event in January, which included promotion of EU funding

Match funding is required for all ESIF calls.

5. Enterprise Zone Progress

5.1 2017-2018 Progress

Enterprise Zone sites have been active in the North East since 2013 and there are now 10 round one and 11 round two sites.

Enterprise Zone sites bring one of two financial benefits to individual businesses with entire Business Rates relief or enhanced capital allowances. Local areas, through the North East LEP also retain the full value of the increase in Business Rates from the established baseline for 25 years from the operational commitment of each site. Where other sources of investment are not available, borrowing against the future Business Rates can be used to enable capital investment to help facilitate the development of sites.

5.2 Enterprise Zone Sites

Round	Site	Local Authority Area
1	Blyth Estuary – East Sleekburn	Northumberland
1	Blyth Estuary – Bates/Wimbourne Quays	Northumberland
1	Blyth Estuary- Commissioners Quay	Northumberland
1	Blyth Estuary – Dunn Cow Quay	Northumberland
1	North Bank of Tyne - Neptune	Newcastle-upon-Tyne
1	North Bank of Tyne - Swans	Newcastle-upon-Tyne
1	A19 Corridor -1	Sunderland
1	A19 Corridor - 2	Sunderland
1	A19 Corridor - 3	Sunderland

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2	Ramparts Business Park	Northumberland
2	Fairmoor Morpeth	Northumberland
2	Ashwood Business Park	Northumberland
2	Newcastle International Airport	Newcastle-upon-Tyne
2	North Bank of Tyne - Extension	Newcastle-upon-Tyne
2	Holborn Riverside 1 (Holborn Riverside Extension Park)	South Tyneside
2	Holborn Riverside 2 (Tyne Dock Enterprise Park)	South Tyneside
2	Follingsby Business Park	Gateshead
2	International Advanced Manufacturing Park (all EZ site in Sunderland)	Sunderland and South Tyneside
2	Port of Sunderland	Sunderland
2	Hawthorn Prestige Business Park (now Jade Business Park)	Durham

5.3 Cushman and Wakefield have been commissioned to undertake an evaluation and assessment of the market assumptions included within the financial model; specifically the demand for similar properties, and the resulting impact on timing for development, and the rateable value for the properties. This has been funded through a grant from the Department of Communities and Local Government specifically for Enterprise Zone development

Cushman and Wakefield have confirmed a broadly positive picture for the market in the North East with demand increasing and increasingly limited current supply of properties:

- There is a shortage of high-quality manufacturing and industrial premises due to expected high demand linked to long-term and sizable commitments from the likes of Hitachi, Nissan and Caterpillar. There is also an increasing challenge around logistics and warehousing in well-connected locations due to greater activity in the sector. The oil and gas/offshore sector however remains more mixed with on-going uncertainty over policy direction.
- There has been a long-term growth in market demand for high-quality office space in both central and out of town locations, as currently available developments have become occupied and there has been limited activity since the financial crash with very limited speculative build. This is particularly acute in city and town centre locations.

Cushman and Wakefield are currently engaging partners in each local authority to finalise a shared understanding of the impact of market trends on the local position; however there is likely to be a reduction in the expected rateable value resulting in a

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lower, but still robust surplus in the model. The findings of the final report will be shared with partners to inform the finalisation of the model and underpin the investment decisions taken for each site.

The second element of the Commercial Support funding is being used for the development of a fuller legal agreement between the constituent partners to provide additional detail to the Memorandum of Understanding signed by the North East LEP, North East Combined Authority and the six local authorities with Round 2 sites alongside the Department of Communities and Local Government. The Legal Agreement will provide a more wide-ranging and detailed framework for the Enterprise Zone delivery and will address both Round 1 and Round 2 sites for consistency.

6. North East LEP: Our Economy 2018

6.1 The North East Local Enterprise Partnership (LEP) launched the Our Economy 2018 report at Sage Gateshead on Tuesday 6 March.

The Our Economy report will be published annually and provides an overview of the North East LEP economy and how it is changing over time. As well as providing a resource for partners to inform decision making, Our Economy will also help position the North East for future opportunities including those arising from the Government's Industrial Strategy. The Our Economy report can be downloaded from:
<https://www.nelep.co.uk/oureconomy/>

The launch event focused on the North East's global connections.

- The event was chaired by North East LEP Chair, Andrew Hodgson.
- Victoria Sutherland, Senior Economist at the North East LEP gave an overview of the findings from the Our Economy report.
- Jason Knights, Managing Director of Blue Kangaroo Design gave the keynote. As a Gateshead-based brand creative agency that works with Disney, Pixar and Mattel, Jason talked about his experience of building an export-focused business.
- Andrew chaired a panel with Victoria, Jason, Marian Sudbury (Director, Global Operations, Northern Powerhouse, Department for International Trade) and Professor Nick Wright (Pro-Vice Chancellor for Innovation and Business, Newcastle University). The focus of the discussion was on how the North East can build on its global connections. Audience questions were taken via slido.

The launch event was attended by approximately 180 people from across business, government departments, local authorities and education.

The North East Data Hub (<https://www.northeastdatahub.co.uk/>) was also launched at the event. This is a digital platform that gathers data from across the region on the economy and transport and allows users to download and compare data in a simple, user friendly way. This has been developed jointly by North East Combined Authority and the North East LEP. Additional data and functionalities will be added to the Data

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Hub over the coming months.

7. Potential Impact on Objectives

7.1 The report sets out issues that will support the Authority in meeting its objectives, particularly in relation to those set out in the Strategic Economic Plan.

8. Financial and Other Resources Implications

8.1 There are no specific financial and other resources implications arising from the report.

9. Legal Implications

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

10. Key Risks

10.1 There are no key risks arising from this report.

11. Equality and Diversity

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

12. Crime and Disorder

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

13. Consultation/Engagement

13.1 There are no issues arising from this report for consultation.

14. Other Impact of the Proposals

14.1 There will be no other impacts arising from this report.

15. Contact Officers

15.1 Sarah McMillan, Corporate Lead – Economic Strategy and Skills
Email: sarah.mcmillan@southtyneside.gov.uk Tel: (0191) 424 7948

Economic Development and Regeneration Advisory Board

16. Sign off

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

Leadership Board

Date: 20th March 2018

Subject: Employability and Inclusion Update

Report of: Thematic Lead for Employment and Inclusion

Executive Summary

The purpose of this report is to provides an update on progress being made in delivering the Employability and Inclusion, and Skills themes of the Strategic Economic Plan (SEP) for the North East.

Recommendations

The Leadership Board is:

- i. recommended to note the contents of the report

Leadership Board

1. Background Information

- 1.1 This report provides an update on the employability, inclusion and skills programmes and projects that the Combined Authority and the LEP are delivering within the context of the SEP for the North East.

Labour Market Intelligence

- 1.2 Labour Market Intelligence (LMI) for the North East continues to be developed. Discussions regarding future data collection, collation and distribution are ongoing with a number of partners, with a view to presenting data and information to various audiences.
- 1.3 The North East LEP developed a series of Careers Videos to highlight opportunities in key priority sectors in 2017. They are part of a toolkit available for schools and colleges in the North East. Their purpose is to support educators to communicate the many exciting career opportunities available in the North East and the pathways young people can take towards them. The videos and toolkits have been requested by over 180 educational establishments.
- 1.4 The toolkit includes lesson plans and excerpts from the videos to highlight certain key messages. Feedback has been extremely positive.

Graduate Retention

- 1.5 Additional case studies and videos have also been produced recently by the LEP, to provide LMI for graduates as part of the drive for Graduate Retention as described in the SEP. The videos and case studies provide examples of graduate level roles in key sectors and reasons to 'LiveWorkStay' in the North East. The campaign launched in mid-November and provides a further resource for schools, colleges and universities. The social media campaign was the most successful campaign the LEP has had to date and the resources are being used by all four universities.

Construction labour skills gap & analysis

- 1.6 The North East LEP, local authorities, key construction employers, groups and CITB are working in partnership to address the labour and skills challenges in the construction sector across the area.
- 1.7 CITB in partnership with the LEP has produced a report which highlights challenges for the short and medium term around skill levels and availability of labour. This report provides an evidence base to inform stakeholders and the next step will be to develop a construction skills strategy so that effective

Leadership Board

planning around investment decisions can be made to maximise employment and growth opportunities. The data was presented to a wide stakeholder group late 2017 and CITB / LEP are collating discussion feedback.

North East Data Hub

- 1.8 In partnership with the North East Combined Authority, the North East LEP launched the Data Hub in March 2018. The data hub is a digital platform that gathers data from across the region on the economy and transport and allows users to compare data in a simple, user friendly way. In due course skills data will also be available via this platform. Further updates will be provided on progress.

DWP European Social Fund Opt-In for the North East

- 1.9 The DWP 'Opt-In' programme for the North East is utilising £6m European Social Fund (ESF) to test a local approach to support 2,500 long term unemployed residents with health conditions to find work over 2017-19. The programme is delivered by Working Links.
- 1.10 Performance data from January to the end of December shows 782 people have started on the programme against a profile of 1183; 515 against a profile of 868 in the more developed area (Northumberland and Tyne and Wear) and 267 against a profile of 315 in the transition area (County Durham).
- 1.11 Insufficient referrals from Job Centres and ESF eligibility continue to be the prime cause of contract under-performance. Referral numbers appear to have seen a direct negative impact in areas of Universal Credit roll-out and to date there has been over 500 ineligible referrals onto the programme. This is mainly due to these individuals securing employment whilst going through the process of joining the programme and who then subsequently become classified as ineligible for programme support.
- 1.12 Furthermore, DWP have also stated that the introduction of the Work and Health Programme in January 2018 will be the priority for Job Centre referrals and this will potentially continue to have a negative impact on the referrals to the Opt-in (and other local programmes); however, good working relationships are already embedded with JCP colleagues and the contract managers which will help drive forward a new marketing activity plan to improve performance; this will be monitored closely.
- 1.13 Assessment of participants shows:
- 72% are male, and 28% female
 - Most are very long-term unemployed, with around 70%

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unemployed for five years or more.

- The majority have health conditions, including some which were undiagnosed prior to engagement with the programme. One-third of participants are working with the Health Advisor and Mental Health and Neuro Diversity Specialist.
- Mental Health remains the prevalent health condition
- The majority of participants are from jobless households
- Many have multiple barriers to work with poor transport accessibility a key features.

1.14 Advisors are working from Jobcentres to improve referral rates and engage directly with participants. To offset the low referral rates from Jobcentres, a range of other local organisations are being engaged with, and can refer. Big Lottery, BBO programmes are being engaged as a source of cross-referral and Wise Group as a progression routes for participants. An agreement has been reached to allow participants to the Mental Health Trailblazer where appropriate. Work with other local programmes is being prioritised to raise levels of appropriate referrals and to ensure a well-co-ordinated programme of provision across the area.

1.15 DWP has invoked a contract clause to widen eligibility of the contract, despite strong local partner objections that this will direct the provider away from the original intent of the contract, which was based on local intelligence of identified need and potential negative impact on ESF and other local programmes. The ESIF sub-committee was informed of the concerns and the DWP ESF Managing Authority agreed as an action to liaise with the NECA representatives to discuss the matter further; however to date the Managing Authority has not yet engaged with representatives locally. Despite the variation, NECA and North East LEP officers have committed to continue supporting the project to improve performance and ensure it delivers to original specification intent and local benefit.

North East Mental Health Trailblazer

1.16 The North East Mental Health Trailblazer is delivering a Random Control Trial of integrated employment support and psychological therapy, using the Individual Placement and Support (IPS) model in partnership with Increasing Access to Psychological Therapies (IAPT) in each local authority area.

1.17 Performance data show that from January to mid-February a total of 324 people have joined the programme and received treatment group support and 20% (65 people) have moved into employment which is higher than profiled.

1.18 Performance remains below profile, primarily as a consequent of a much later than expected start date and lower than expected referral rates. A request was

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made to extend the project to April 2019 to ensure local performance is achieved against ESF targets and to ensure the trial has a sufficient sample size to produce robust evidence for government. DWP is expected to reach a decision on this extension by end of March 2018.

- 1.19 The profile of participants continues to be long-term unemployed people, primarily Job seekers Allowance claimants. Impact of the introduction of Universal Credit is not yet evident, but will be monitored. Participants have a wide range of mild to moderate mental health conditions, primarily anxiety and depression.
- 1.20 Referral volumes from Jobcentres continue to be below profile but actions are being implemented to improve processes and JCP has agreed a profile of referrals at a level to meet performance expectations. Direct referrals from IAPT services are underway, which is improving volumes and appropriateness of referrals.
- 1.21 Other referral routes are being developed through a series of 'trusted partnership's agreements with a range of organisations, including Generation NE, Durham YEI, Working Links, Newcastle Futures and Big Lottery BBO projects. These will be expanded further in 2018. Partnerships are ensuring that anyone participating in local projects can have access to the trial and appropriate mental health and employment support. This demonstrates improvement in joining up of strategic projects across NECA and maximisation of ESF and other local investment.
- 1.22 The Behavioural Insights Team conducted an IPS fidelity assessment of the service in late October producing a rating of 'Good' with the score very close to achieving 'Exemplary' status. The evaluators rated this assessment as beyond expectation for an IPS programme at this stage in development and at this scale. The project will be responding to the recommendations of the report with an aim to achieve exemplary status in 2018.
- 1.23 Alongside the Behavioural Insights Team meta- evaluation, a locally specific evaluation will be considered in 2018, subject to ESF agreement.

Generation NE

- 1.24 Generation NE has been operational since July 2014 and the programme has supported 4391 young people, delivering 2039 job outcomes to date; 1187 of those gaining employment have now sustained employment for 6 months or more. Generation NE funds have also supported a further 1065 participants, 573 into work as at January 2018 through provision of match-funding for Durham Works (YEI). The project has exceeded all original targets and continues to

Leadership Board

perform well.

- 1.25 A Digital Service has been launched to complement the support available through Generation NE on a face to face basis; this service is testing innovative approaches to engaging and supporting young people which accommodates their changing attitudes, particularly a desire to engage with services in non-traditional ways. 200 young people have been supported by the Generation NE Digital Service so far with 47% of them moving into work to date, an additional 30 young people on average are engaged with the service each month. A full Randomised Control Trial of digital services within Generation NE is being explored with the Governments What Works Centre for Local Economic Growth and is due to commence in April 2018.
- 1.26 An ESF call for projects to support young people into employment and training was closed in autumn last year. After consideration at the ESIF Committee in November, the ESF Managing Authority has now invited project applicants to submit a full application before 9th March 2018 - this included a proposal to extend the Generation NE project. Due to the number of projects proceeding to full application, a condition was given to all applicants that are seeking to secure ESF funding, requesting that they consider how they can best align or consolidate projects before submitting their full application to ensure best value, synergy and alignment of services. A Full Application will now be developed in partnership and submitted on the 9th March 2018.

Good Career Guidance benchmarks

- 1.27 From June 2015 and in partnership with the Gatsby Foundation and Sir John Holman, the North East LEP has been supporting the application of the Good Career Guidance benchmarks. This provided the opportunity to test the career benchmarks in action; lead the development of best practice which would have local impact and national profile; and improve the quality of provision and opportunity for young people.
- 1.28 The pilot phase of implementation has now ended. There is clear evidence of impact in the following key areas:-
- The benchmarks are a useful auditing tool for users to report on their own career guidance provision and to 'action plan' specific, measurable improvements.
 - The rate of progress in year one (+2) is accelerated in year 2 (+4).
 - Every pilot school and college fully achieves at least four benchmarks and they all partially achieve every benchmark.
 - 88% of pilot schools and colleges now fully achieve between 6 and 8 benchmarks (national survey showed no school achieved more than 5 previously).

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- The results demonstrate that it is possible to make significant and rapid progress, using the benchmarks as a framework, to carefully target improvements in schools / colleges of every type, size, location and structure. These improvements are documented in focussed action plans with measurable targets.
- New strategic relationships with employers now exist and schools and colleges have clear plans for engagement and systems in place to measure quality and impact. This includes an increase in the number of 'careers' or 'business' governors.
- New strategic delivery structures have also emerged in schools and colleges maximising the impact of the benchmarks, including the reallocation of existing resources towards careers provision.
- Curriculum integration – joint CPD, teacher, career leader placement in industry.
- The pilot has inspired collaboration and innovation in the approach to delivering good career guidance.
- Schools and colleges participating in the pilot are significantly closer to providing 'good career guidance' for each and every young person than they were at the outset.

- 1.29 Analysis of evidence, emerging data and observations suggests that progress against the benchmarks is greater and more rapid when the careers leader is either a member of SLT or when they have an active and dedicated SLT link responsible for the strategic leadership and quality of careers provision.
- 1.30 The career benchmarks are an important part of the skills element of the Strategic Economic Plan and at the end of the pilot phase, the next phase was to roll-out the benchmarks and the learning from the pilot. The target that all schools and colleges are working towards achieving the benchmarks is currently in the implementation phase, with Careers Leaders from 140 of the region's 170 secondary schools and all 9 colleges attending the network meeting for Careers Leads in February 2018. The LEP hosted and facilitated the day and feedback was extremely positive. The next meeting is in June 2018.
- 1.31 On 4th December, HM Government launched the Careers Strategy at the national CDI Conference. The North East pilot has shaped and influenced this strategy and at the launch the Minister for Skills said, "The North East pilot has shown what can be achieved – the careers strategy will replicate this best practice across the country". The benchmarks are central to the strategy and examples, quotes and case studies to illustrate their effectiveness and impact on young people are lifted from the North East pilot.
- 1.32 Additionally North East colleges, led by those in the pilot, have also been instrumental in developing a college version of the benchmarks, with small changes to suit college provision. These benchmarks were launched nationally

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in January 2018 and will also become statutory for colleges.

- 1.33 The North East LEP is preparing to expand the career benchmarks, designed originally for secondary schools and colleges, for use in primary schools. We continue to seek funding to allow us to map the benchmarks for delivery in a primary setting, engage 10% of primary schools across the region and facilitate support for primary schools to achieve the benchmarks. Evidence of the impact will be monitored through an action research approach. The proposal has the support of the Employment and Skills Board and the IAG Advisory Group, chaired by the CBI. Discussions are ongoing with a number of foundations and charitable trusts.

Higher Education

- 1.34 Discussions are also underway with Universities UK and the Office for Students regarding career guidance benchmarks and university career guidance. A proposal for a pilot within the 4 regional universities has been developed and further meetings are due to take place in March to jointly identify a potential cohort for the focus of the pilot.

Business and Education Engagement – Enterprise Advisors

- 1.35 This Government-back initiative was started in 2015. The Career & Enterprise Company (CEC) is an employer-led organisation that has been set up to inspire and prepare young people for the fast-changing world of work.
- 1.36 The North East LEP has taken the opportunity to shape the original CEC model to enhance opportunities for school and business engagement and in particular to support schools and colleges to achieve two of the eight Gatsby benchmarks (5 and 6). To date in the North East over 150 Enterprise Advisors have signed up, and just less than 100 schools and colleges are now actively working with their Enterprise Advisor. Our matches and the sustainability of those matches mean that the North East performance is now amongst the highest in the country.
- 1.37 With the support of partners and our Communications team, we continue to grow the network of business leaders becoming Enterprise Advisors. Activities within the network include school CPD sessions for staff to support benchmarks 4, 5 & 6. Skills North East hosted the most recent EA networking event and Virgin Money hosted an information and awareness session for new EA's.

Technical Education & Apprenticeships

- 1.38 Technical Qualifications – the proposed implementation of the recommendations from the Sainsbury Review will bring a step change to the provision and quality

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of technical education. The plan is to bring 15 new T-level courses that will replace the 13,000 qualifications currently offered. The design of the new routes will be closely aligned with apprenticeships so students can progress on to higher or degree apprenticeships or into higher education in a University. The design of the new routes is underway with pilots of the first routes due to be trialled in 2018, with a view to wider implementation in 2020.

- 1.39 Employer engagement is key to the success of T-levels and the North East LEP is working with Gatsby Foundation, providers and employers specifically focussing on a review of the current technical education provision and the ability to delivery relevant vocational and technical skills for the future employment base in the area. Two colleges in the North East are part of a pilot programme within the DfE, trialling T-levels (Sunderland and Gateshead) and the Principal of Gateshead College is a member of a national working group working with the FE Commissioner.
- 1.40 The North East has a growing demand for technician skills especially within STEM focussed sectors, these also closely align with 'Opportunity Areas' identified within the SEP. Our aim is to ensure that there are appropriate technical education pathways available to reflect the evolving labour markets and that labour market information is available to the FE sector, in particular, to allow them to make investment decisions regarding infrastructure (facilities and teaching staff) to deliver this provision.
- 1.41 The LEP is supportive of a bid for a North East Institute of Technology and has been and will continue to work with bidders to submit a compelling, high quality and collaborative bid that will provide the pathways and expertise in provision of higher level technical teaching.

Apprenticeships

- 1.42 The North East has a strong and active part of the play in meeting the Government's ambitious target of three million apprentices by 2020. In light of the Apprenticeship reforms in 2017, the Apprenticeship Growth Partnership (AGP) reviewed its work plan and membership in July 2017 and confirmed their role in supporting:-
- Maximising employer engagement and the take up of apprenticeships, including higher and degree apprenticeships
 - Promote the parity of apprenticeships with academic routes and qualifications.
 - Encourage and support greater collaboration across and within sectors to share good practice
 - Consider the impact of the apprenticeship reforms, intended and unintended, on employers, ensuring examples of good practice are

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promoted, lessons learned and feedback to ESFA as appropriate.

- 1.43 The North East LEP is also now part of the Apprenticeship Ambassador Network and their aims are aligned to the aims of the AGP.
- 1.44 Apprenticeship data has become increasingly difficult to obtain. The latest version of the data cube (a data release) which was due in November 2017 is still unavailable to date, so LEP officers including the senior economist are considering other ways to source the data. This is important as we need an insight into regional KPIs.
- 1.45 The LEP has developed an Apprenticeship Hub, part of the Growth Hub to provide online support to businesses and organisations looking for further information about apprenticeships. This Hub will be launched as part of a series of activities during National Apprenticeship Week in March. The Hub will provide details of events, updates and news, best practice case studies, simplified FAQs. Further development of the Hub will provide information for parents and young people also considering apprenticeships.

North East Education Challenge

- 1.46 The North East Local Enterprise Partnership's 'Education Challenge' as described in the Strategic Economic Plan seeks to reduce the gap between our best and lowest performing secondary schools and improve social mobility in our young people. Building on the success of the Gatsby Career Benchmarks in the North East, the Education Challenge will support teachers, schools, governors and leaders to integrate an understanding of the world of work and career opportunities into the curriculum to ensure those entering the workforce have the skills to support our diverse economy and are fully aware of the progression routes available to make this happen. The definition of Skills in this context means both academic achievements and 'employability' skills.
- 1.47 The North East LEP has been chosen by Ford Next Generation Learning (the Charitable Foundation for Ford Motor Group) and the Edge Foundation as the first area internationally to translate elements of the very successful Academies of Nashville model. The pilot will initially work with three schools in the region building an approach that works within the context of this country and in a mainstream setting. The vision is building a 'rolling' model that is impactful, scalable and replicable.
- 1.47 The Academies of Nashville model transformed attendance and attainment across 12 schools initially by placing employers and business partners alongside teachers and school leaders and developing highly personalised approaches to progression for students. 10 years ago, these schools were some of the worst performing schools in the US, now they are amongst the highest performing in

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terms of attendance and progression. The model has been rolled out across 25 states.

1.48 The North East LEP's brief is to create and implement the pilot to run from January 2018 to December 2018 initially involving 3 schools with a view to rolling the pilot out to further schools and FE in January 2019. Project outputs:

- To improve teachers understanding of regional LMI and higher education needs within this context.
- To develop models of good practice in relation to project based learning, teacher placements in industry and CPD that supports 'careers in the curriculum', a broader understanding of employability skills, and to disseminate these within the pilot schools and more broadly across the region.
- To deliver in Autumn 2018 a teacher CPD event sharing the learning.
- To create resources to support the delivery of Careers in the Curriculum.
- Evaluate the pilot to provide evidence of impact.

1.49 The pilot will be managed by a Steering Group co-chaired by Edge Foundation and the Skills Director from the LEP. Implementation and progress of the pilot will be reported to the Employment and Skills Advisory Board, the LEP Board and NELB throughout 2018.

Fuller Working Lives – 50+

1.50 We have considered the Fuller Working Lives report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East and have commenced the development of a series of activities focussed on the 3 R's,

- Retain
- Retrain
- Regain (Recruit)

1.51 We wished to better understand the barriers, opportunities, unconscious bias and other factors with employers and conducted a survey in 2017. The findings from that survey were used to inform the discussion and debate in a region-wide event in September, jointly hosted by CIPD, Sage and Newcastle University as well as the LEP. What emerged was that there are clear sector differences in approach, urgency and attitude to fuller working lives.

1.52 The LEP was cited by DWP as being at the leading edge of this work and we will continue to work alongside partners to develop our FWL strategy. Throughout 2018, alongside the National Careers Service, the LEP and partners will be hosting sector events and one specifically focussed on those out of the labour market to continue to inform this approach. Details will follow in future updates.

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2 Proposals

2.1 There are no proposals as this is an information item.

3 Reasons for the Proposals

3.1 This section does not apply as the report is only for information.

4 Alternative Options Available

4.1 This section does not apply as the report is only for information.

5 Next Steps and Timetable for Implementation

5.1 The Employability, Inclusion and Skills Steering Group will continue to co-ordinate and monitor the delivery of these programmes and projects.

6 Potential Impact on Objectives

6.1 The work being taken forward is consistent with the Combined Authority's stated objectives and SEP for the North East.

7 Financial and Other Resources Implications

7.1 There are no financial implications arising from this report.

8 Legal Implications

8.1 There are no legal implications arising from this report.

9 Key Risks

9.1 There are no key risks arising from this report.

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10 Equality and Diversity

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

11 Crime and Disorder

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

12 Consultation/Engagement

There are no consultation or engagement issues arising from this report.

13 Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 This report has no appendices

15. Background Papers

15.1 There are no background papers for this report

16. Contact Officers

Michelle Rainbow, Skills Director, North East Local Enterprise Partnership
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0191 338 7439

17. Sign off

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

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Leadership Board

Date: 20 March 2018

Subject: Transport (and Digital Connectivity) Thematic Lead Update Report

Report of: Thematic Lead for Transport and Digital Connectivity

Executive Summary

Following our success in acquiring funding for a new fleet of Metrocars, through working together, several of our local authorities have managed to secure funding to retrofit 220 buses to help improve air quality in our area.

Challenges do remain for the region, and tackling the poor capacity and resilience of the East Coast Main Line is a priority. We have agreed a new way of partnership working with Network Rail, in which we will establish a 'shared narrative' detailing our vision for rail in the North East. The Tees Valley Combined Authority will also be a partner in this, reflecting our shared rail geography. We will also be responding to Network Rail's current East Coast Route Study consultation, again reinforcing the urgent need for investment in the East Coast Main Line.

Transport for the North (TfN) will become the country's first Sub National Transport Body from April 2018. After a successful regional launch at Newcastle Airport, attended by many of us and which attracted positive press coverage, we have started to craft our response to TfN's consultation for its Strategic Transport Plan (including within it the revised Long Term Rail Strategy). We will ensure that the interests of the North East are well-represented highlighting schemes which we believe should be included as well as voicing our support for the spirit of the document which should secure additional funding and decision making ability for authorities across the North.

Metro punctuality continues to improve year on year, despite the daily challenge of operating a life-expired fleet. Severe wintry weather during the week of 26th February caused major operational difficulties but a Metro service was provided throughout, leading to positive passenger feedback. A gradual transformation is underway in terms of how passengers pay to travel, with more card based payments being made than ever. The introduction of an improved youth ticketing offer on Metro has proved very popular since implementation in January 2018.

Delivery of two Electric Vehicle (EV) filling stations is set to get underway, with completion anticipated in Autumn 2018. The Regional Transport Team are working with local authorities to identify a pipeline of sites for future EV enhancements, ready for when future funding opportunities are released. We are also continuing the groundwork to establish the region as a 5G Test Bed.

Recommendations

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

Leadership Board

1. Background Information

- 1.1 The region has seen some success recently with acquiring new funding. Nexus made a successful case to Government for funding for a new Metro fleet, and was granted £337 million towards the total estimated cost of £362 million. A number of councils in the area have also been successful in acquiring £3.87 million to retrofit 220 buses to help achieve minimum emissions standards through the Clean Bus Technology Fund.
- 1.2 Notwithstanding these successes, the region continues to face some challenges with regards to transport. The region relies upon ageing infrastructure, most notably the East Coast Mainline, which is inhibiting our ability to grow and transform the local economy. We must continue to make a strong case to Government for more funding, taking advantage of Transport for the North's new position as a Sub National Transport Body and developing our vision for the future transport network through the Manifesto and Transport Plan.
- 1.3 This paper provides an update to the Leadership Board regarding the latest updates on Transport and Digital Connectivity.

2. Tackling underinvestment in our railways

- 2.1 The East Coast Main Line (ECML) is under immense strain, suffering from a lack of capacity and resilience. This follows years of underinvestment and poor franchise management by Government. Network Rail have recently launched a consultation on their East Coast Route Study, to which NECA will be responding; on 8th February 2018 TNEC agreed that as the consultation closing date of 16th March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs. Further, our region's other railway lines, the Durham Coast and Tyne Valley lines continue to offer slow journey times and infrequent services: we believe that a good case exists for major investment in our rail infrastructure.
- 2.2 The establishment of Transport for the North (TfN) provides a golden opportunity for the region to lobby Government for transformative levels of investment. However, we must ensure a consistent narrative is formed in terms of describing the region's future aspirations for rail. The 'Northern Powerhouse Rail' programme may be one means of achieving much needed improvements in the ECML.
- 2.3 On the 8th February 2018, TNEC agreed to support a work stream that seeks to develop a shared narrative for rail in the North East of England with Network Rail, along with and the Tees Valley Combined Authority (TVCA). We share common rail infrastructure and services on the ECML and Durham Coast Line with TVCA, therefore making such a shared narrative critical to ensure a robust case is made to Government for future funding.

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- 2.4 A brochure will be drafted to highlight this narrative and a number of shared commitments highlighting the common desire to improve the rail offer in the North East.

3. Transport for the North (TfN) and Rail North

- 3.1 Following parliamentary approval, TfN is now set to become the first Sub National Transport Body (STB) in the country when it officially forms on the 1st April 2018. As part of this process, Rail North also transfers its activities fully to TfN. The NECA provided its consent for Transport for the North (TfN) to become an STB in August 2017.

- 3.2 We had the privilege of hosting the first shadow board of TfN on the 8th February 2018 here in the North East. The passage of time has shown that investment decisions for the North that are made in London are often sub-optimal. TfN will therefore have a highly important strategic role for the North, making a case for investment in transport across the North on behalf of Authorities and Combined Authorities across the North.

- 3.3 The consultation on the Strategic Transport Plan (STP) launched in early 2018 at five locations across the North, including Newcastle International Airport. The STP highlights an ambitious programme of investment of £70 billion over 30 years to ensure that the North can fully realise transformative economic change. This plan will also include two sub strategies for road and rail, both of which are also in development.

- 3.4 The TfN STP consultation closes on the 17th April 2018. Officers will be working to develop the consultation response and the response will be circulated to TNEC Committee Members prior to sign off by the Chair and Vice Chairs. It is vitally important that the region supports TfN, which now provides the greatest opportunity for the North's message of a need to invest in transport infrastructure to be heard by Government.

4. Metro Update

- 4.1 As we near the first anniversary since Nexus took back control of operating the Tyne and Wear Metro, punctuality continues to show significant signs of improvement compared to the same period last year. Metro punctuality was 85.45% over the four week period to 6th January, compared to 79.28% in the same period the previous year. Over the year to 6th January, punctuality averaged 85.81% compared to 81.84% at the same point the previous year. Metro is edging closer towards its stated average target of 87.2% for punctuality.

- 4.2 Challenges with fleet reliability remain and underscores the importance of acquiring a new fleet. Following agreement at Leadership Board in January, Nexus has commenced the procurement process for a new fleet of Metrocars. The first step

Leadership Board

has been completed with the issuing of an advance notice of the forthcoming tender and a formal market awareness exercise in the form of a questionnaire. Significant interest from train manufacturers has been received in response.

- 4.3 The transition from cash to cashless ticketing is showing promising signs of growth, with more and more people now using card based payment methods for travel. Credit and Debit cards are now used in almost half of Ticket Vending Machine (TVM) sales on Metro. Further to this, there has been a significant increase in the use of Pop Pay as You Go on buses, with a 300% year on year increase.
- 4.4 The introduction of a new Pop card for young people which offers heavily discounted fares for all those aged 18 and under is proving very popular. Over 1,000 Pop Blue cards were issued in the first month since its introduction in early January, with users undertaking around 7,500 journeys over the same period.
- 4.5 During the week commencing 26th February the north east was affected by severe weather conditions including prolonged freezing temperatures and driving snow. This provided a challenge to public transport providers within the region with many services restricted or cancelled as a result. Nexus, along with its contractors worked in often testing conditions to continue to provide a Metro service to passengers at this difficult time. This was recognised by hundreds of passengers who gave positive feedback to staff in person and via social media.

5. Developing our plans

- 5.1 Work on the Transport Plan continues to build on the vision set out in the Transport Manifesto. Leadership Board approval of the draft Transport Plan will be sought before any public consultation takes place.
- 5.2 The Cycling and Walking Strategy and Implementation Plan are still in the development phase. These documents will support the overarching NECA Transport Plan.
- 5.3 The Bus Strategy continues to be developed, with key partners including bus operators, Nexus and local authorities collaborating. Data requests have been made to each partner in the group to help support the robust case the strategy aims to make for the bus.

6. Electric Vehicles

- 6.1 Following a procurement process a preferred bidder has been identified in conjunction with the University of Newcastle to deliver two EV filling stations. The Regional Transport Team (RTT) will proceed with the award of contract and work to deliver the filling stations over the next few months with an anticipated launch in the Autumn. The procurement has come in under budget and the RTT is working with the funding providers to identify options for using the remaining grant to deliver

Leadership Board

further EV infrastructure across the NECA area.

6.2 Meanwhile the procurement for the rapid charging clusters continues and bids are currently being evaluated. A full audit of the existing EV infrastructure has been completed in conjunction with Local Authorities and a specification developed to go out to tender for the upgrade, operation and maintenance of this equipment across the region. This contract will also provide a framework for installing; managing and maintaining additional EV infrastructure should more funding become available.

6.3 The Regional Transport Team is working with the Local Authorities to identify a further pipeline of sites for new rapid clusters and filling stations to ensure the region is in the best possible position to take advantage of new funding streams when they arise.

7. Digital Connectivity Update

7.1 Work continues to assemble a consortium that will take forward aspirations to develop a 5G Test Bed in the region. A number of business and academic partners are now becoming involved in the 5GNE project. Dialogue has continued with the Department for Digital, Culture, Media & Sport and the second round of funding, expected to be launched in March, is likely to be better aligned with the region's plans, in that it will enable larger bids over longer timescales.

8. Proposals

8.1 This report is for information purposes only. Therefore, no proposals are contained in this report.

9. Reasons for the Proposals

9.1 This report is for information purposes only.

10. Alternative Options Available

10.1 Not applicable to this report.

11. Next Steps and Timetable for Implementation

11.1 Two EV filling stations are anticipated to be completed in Autumn of this year. Nexus has commenced the procurement process for a new fleet, a process which will take a number of years, with the first new train expected to be delivered by the end of 2021. The region will press on with developing a shared vision for rail in the North East, to help make the case for investment in the railway network. We will also be responding to the East Coast Route Study consultation.

12. Potential Impact on Objectives

Leadership Board

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

13. Financial and Other Resources Implications

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

14. Legal Implications

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

15. Key Risks

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

16. Equality and Diversity

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

17. Crime and Disorder

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

18. Consultation/Engagement

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

19. Other Impact of the Proposals

- 19.1 No specific impacts

20. Appendices

- 20.1 None

21. Background Papers

Leadership Board

21.1 Not applicable

22. Contact Officers

22.1 Tobyn Hughes, Managing Director (Transport Operations)
tobyn.hughes@nexus.org.uk Tel: 0191 203 3236

Stephen Bellamy, Business Development Officer (Policy)
stephen.bellamy@nexus.org.uk Tel: 0191 203 3219

23. Sign off

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

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Leadership Board

Date: 20 March 2018

Subject: North East Combined Authority Revenue Budget Monitor 2017/18
and Closure of Accounts Process

Report of: Chief Finance Officer

EXECUTIVE SUMMARY

The purpose of this report is to provide an update of the 2017/18 Revenue Budget monitor for the NECA Leadership Board. This report will also detail the Closure of Accounts Process.

The report sets out the current position with regard to the 2017/18 £84.7m Transport net revenue budget and the £0.690m non-transport net revenue budget as agreed at Leadership Board in January 2017. The report also highlights the implications on governance arrangements of 'faster close' of the NECA accounts for 2017/18.

RECOMMENDATIONS

It is recommended that the Leadership Board: –

- a) receive this report for consideration and comment;
- b) note that revenue expenditure for the year is expected to be within the approved NECA budget, with the latest estimate of net expenditure of £81.417m in respect of the Transport budget and £0.690m in respect of the non-transport budget;
- c) agree that the revenue Grant to Nexus for 2017/18 be reduced by £3,333,000 to £57,557,000 for 2017/18, with the £3,333,000 saving being earmarked as part of the matching funding requirement for the DfT capital grant for Metro fleet replacement in future years;
- d) note the 2017/18 outturn will be reported to Leadership Board in June 2018; and
- e) note the closure of the 2017/18 accounts process and the implications to the governance and sign-off arrangements, which requires the earlier formal approval of the accounts for 2017/18 in July 2018, instead of the previous approval date of September.

Leadership Board

1. Background Information

- 1.1 The Leadership Board receives regular financial updates on the progress of the revenue budget during the year, which is a requirement of the constitution. At the Leadership Board meeting on 17 January 2017, budgets totalling £85.4m (£84.7m Transport and £0.690m non-Transport) were agreed.
- 1.2 The forecast has been reviewed to take into account the latest information about spending for the year and the agreement with Nexus that their revenue grant for the year be reduced, by £3.333m which is to be set aside as an earmarked grant to match fund the DfT grant for the Metro Fleet replacement in future years. Net Revenue expenditure for the year is now forecast to be around £81.417m in relation to Transport budgets and £0.690m in relation to non-Transport related budgets. A summary is set out in the table below showing the budget, forecast to the year-end and latest reported expenditure.

	Gross Expenditure	External Income / Grants / Reserves	Net Revenue Budget	2017/18 Forecast	2017/18 Latest Spend Position
	£000	£000	£000	£000	£000
Transport					
Durham	17,715	(2,237)	15,478	15,478	14,188
Northumberland	6,931	(709)	6,222	6,222	5,699
Tyne & Wear (Nexus)	170,840	(109,950)	60,890	57,557	55,816
NECA Retained Transport Budget	2,152	(2)	2,150	2,160	1,985
Tyne Tunnels	29,348	(29,348)	0	0	0
Regional Transport Team	866	(866)	0	0	0
Transport Sub-Total	227,852	(143,112)	84,740	81,417	77,688
Non-Transport					
NECA Corporate Budget	362	(62)	300	300	330
NELEP Core Budget	2,936	(2,686)	250	250	184
Inward Investment Team	460	(320)	140	140	117
Skills Portfolio – Support Costs	25	(25)	0	0	0
Economic Development (EDRAB) – Support Costs	25	(25)	0	0	0
Non-Transport Total	3,321	(2,631)	690	690	514
NECA Total	231,173	(145,743)	85,430	82,107	78,202

Leadership Board

2. Transport Budgets

- 2.1 Leadership Board, January 2017, agreed a revenue budget in relation to Transport of £84.740m. The transport grants from NECA to our service delivery partners do not normally change during the year, unless there is an agreement to vary the grant amount and this report proposes that the grant to Nexus be reduced by £3.333m, with the saving earmarked as part of the local match funding requirement for the DfT grant to pay for the Metro fleet and depot replacement.
- 2.2 Northumberland County Council are forecasting a £0.229m underspend against their budget at the end of the financial year due to contracts switching to tendered values rather than being supported with Bus Service Operators Grant, however, Durham County Council are forecasting a small overspend of £0.063m, this results from additional contract costs and annual price review of contracts. The County Councils will take these variations into account in their recommendation for any grant support in future years.
- 2.3 The forecast outturn for Nexus for 2017/18 at the end of reporting period 9, was a surplus on the budget before taxation of £1.950m instead of a deficit, as reported to Transport North East Committee in February 2018. This was due to specific one-off budget savings such as clawback provisions in their concessionary travel arrangements and settlement agreement with DBTW compensating Nexus for any expenditure incurred in pursuit of outstanding commercial issues. Nexus have now been able to confirm that the three year saving resulting from the triennial review of the Tyne and Wear Pension Fund, coupled with the outcome of the cessation valuation carried out by the Fund in connection with the termination of the DB Regio Metro concession agreement as at 31 March 2017, can be allocated to help fund the DfT's match funding requirement for their grant to fund the replacement Metro fleet and depot. As previously explained in the Leadership Board budget report, it is proposed that this annual saving will accrue to almost £10m over the next three years to form part of the £25m local contribution towards our new fleet of Metrocars. It is therefore proposed that the Grant to Nexus in 2017/18 be reduced by £3,333,000 and earmarked as part of this match funding contribution, to be released to Nexus when needed in future years.
- 2.4 The Tyne Tunnels are accounted for as a ring-fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding. The 2017/18 budget for the Tyne Tunnels account showed a small annual operating surplus position of £0.083m with a contribution to the ring-fenced Tunnels reserve.

Leadership Board

2.5 The forecast for the tunnels account is in line with the figures report to the Leadership Board as part of the 2018/19 Budget report in January 2018. This reflected a reduction in tolls income to £26.296m from £28.0m as traffic levels through the Tunnels continue to be lower than previously experienced, which has been the case since commencement of the Silverlink works in August 2016. Toll income is expected to rise again in 2019/20 after completion of works at the Silverlink and further works at Testos Roundabout. The reduction in Toll income is mainly offset by a reduction in contract payments to TT2. Any other variations are adjusted by a variation in the budget for capital financing costs or the use of the Tyne Tunnels reserve.

3. Non-Transport Budgets

3.1 The Corporate Budget for NECA has been revised in 2017/18 for additional costs in relation to legal capacity and match funding in relation to technical assistance support. These are funded from interest receipts or the use of the NECA reserve keeping the net contribution to corporate costs at £300,000. Expenditure is expected to be within the revised budget forecast agreed in January.

3.2 The Inward Investment Team was established to help co-ordinate Inward Investment Activity across the NECA area. The Team includes three people with a gross budget of £0.606m, of which £0.460m is the core budget activity funded from £0.140m from local authority contributions and matched by the North East LEP and other one-off funds and contributions from Enterprise Zone surpluses for activity supporting and promoting enterprise zones. The Team have also been awarded £0.146m in relation to grant from Department of Trade and Industry which is distributed to the local authorities for the costs incurred in relation to monitoring delivery of outcomes. The full NECA budget contribution of £0.140m is expected to be used.

3.3 The contribution of £0.250m towards the North East LEP core costs is required to match fund Government grant and will be used in full.

4. Closure of Accounts Process

4.1 The Local Audit and Accountability Act 2014 implemented changes to the timeframe for the production of the Statements of Account (SOA) and Annual Governance Statement (AGS) with effect from 01 April 2017. In summary, these changes require:

- Draft SOA and AGS to be signed and published by 31 May each year, and
- Final SOA, AGS and the audit opinion to be signed and published by 31 July each year, instead of the previous deadline of 30th September.

4.2 This effectively means the time period for the production of the draft Statement of

Leadership Board

Accounts has been reduced from 3 months to 2 months. The period within which the external audit must be completed has also been reduced from 3 months to 2 months. This accelerates the overall timetable by 2 months. These changes are more commonly known as 'faster close'.

5. Governance and Accounts sign-off arrangements 2017/18.

- 5.1 To achieve the new deadlines the scrutiny and sign-off arrangements for both draft and final statements have had to be changed and are set out below:

Date	Task
3 April 2018	Governance Committee – draft Annual Governance Statement by Internal Audit. External Audit Progress update
31 May 2018	Draft Statement of Accounts signed by Chief Finance Officer
1 June – 11 July 2018	Accounts open for public inspection (30 working days).
June 2018	Summary of the Figures to be reported in the 2017/18 Outturn Report to the Leadership Board
30 July 2018	Governance Committee – agree and recommend 2017-18 Final Statement of Accounts to Leadership Board
31 July 2018	Leadership Board to consider and approve the 2017/18 Final Accounts

6. Next Steps

- 6.1 The 2017-18 NECA outturn position will be reported to June Leadership Board. Draft Annual Governance Statement will be reported to April Governance Committee. A draft set of 2017/18 Statement of Accounts will be available to be signed off by the Chief Finance Officer at 31st May 2018. Final accounts sign off Governance Committee 30 July, 2018 followed by Leadership Board 31 July 2018.

7. Financial Implications

- 7.1 The finance implications are set out in detail in the body of the report.

8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.
- 8.2 The proposed reduction in the Transport Grant to Nexus is a decision that requires the majority approval of the NECA Leadership Board. .

Leadership Board

9. Key Risks

- 9.1 The key risk to meeting the revised tighter deadlines in relation to Faster Close is the reliance on the timely receipt of the financial accounts of key account parties (Nexus and North East LEP – Sunderland) to be included in the NECA Group Accounts.
- 9.2 Early work to reconcile transactions between NECA and Sunderland City Council has already taken place, and assurance given to provide all necessary information in time for the draft Group Accounts to be completed by end of May 2018. Nexus have scheduled in their timeline to provide draft accounts to NECA for 4th May, 2018.

10. Equality and Disorder

- 10.1 There are no equality and disorder issues arising from this report.

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The 2017/18 original budget was subject to consultation. The final accounts will be made available for public view and inspection in June.

13. Other Impact of the Proposals

- 13.1 The decision in the report will help provide part of the match funding needed for the replacement of the Metro fleet and depot, which will contribute to the achievement of transport objectives of NECA.

14. Appendices

- 14.1 Not Applicable

15. Background Papers

2017/18 Budget and Levies Report – NECA Leadership Board 17/1/2017
<Q:\North East Combined Authority\NECA Meetings\NECA - Leadership Board\170117\Budget and Levies report draft v 11 09-01-17.pdf>

2018/19 Budget and levies Report – NECA Leadership Board 16/1/2018

Leadership Board

16. Contact Officers

16.1 Paul Woods, Chief Finance Officer E-mail paul.woods@northeastca.gov.uk,
Tel: 07446936840

Katherine Laing, Principal Accountant NECA,
Officer E-mail katherine.laing@northeastca.gov.uk,
Tel: 0191 3387428

17. Sign off

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

18. Glossary

Annual Governance Statement.

The Annual Governance Statement (AGS) is provided by Chief Internal Auditor giving assurance regarding NECA's governance arrangements. Essentially, it accounts for the extent to which the Council has complied with its Governance Code.

Statement of Accounts

The '**Statement of Accounts**' is produced at the end of each financial year, and is a technical publication that includes all financial statements and disclosures required by law. The Statement of Accounts will also include the Group Accounts for NECA incorporating NEXUS and North East LEP.

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Leadership Board

Date: 20 March 2018

Subject: North of Tyne Proposals – Consent to Secretary of State’s Order

Report of: Monitoring Officer

Executive Summary

The purpose of this report is to provide an interim report to the Leadership Board on the North of Tyne devolution proposals with a supplemental report to follow in advance of the Leadership Board meeting.

Recommendations

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

Leadership Board

1. Background Information

- 1.1 The North of Tyne Authorities (Newcastle upon Tyne, North Tyneside and Northumberland) have agreed to a “minded to” Devolution Deal with Government. In order to implement this deal there is a requirement to establish a new North of Tyne Mayoral Combined Authority, which in itself requires these Councils to withdraw from the existing North East Combined Authority. These Authorities undertook a governance review in accordance with the Local Democracy, Economic Development and Construction Act 2009 (“**2009 Act**”) and concluded that the creation of a new combined authority “would be likely to improve the exercise of statutory functions in relation to the area”. This conclusion related both to the area of the seven constituent authorities and the three that would form the new Mayoral Combined Authority
- 1.2 A public consultation was undertaken between 14 December 2017 and 5 February 2018, which included public events across the NECA area. In total around 1,400 people or organisations took part in the consultation process and/or responded to four questions via a survey. A majority of respondents to each question agreed with the proposals in favour of the overall plans to develop a North of Tyne Mayoral Combined Authority.
- 1.3 The North of Tyne Authorities’ Cabinets each approved the submission of a report to the Secretary of State seeking the making of an order to implement a proposal by them (as detailed in a Scheme published and consulted upon) to create a Mayoral Combined Authority for the North of Tyne and to amend the North East Combined Authority boundary to allow this to happen and to create joint arrangements for the governance of transport across the area of the seven authorities.

2. Proposals

- 2.1 The supplemental report will provide commentary and further details of the order received from the Secretary of State giving effect to the amendment of NECA boundaries, the creation of the North of Tyne Mayoral Combined Authority, the creation of Joint Transport governance arrangements and similar matters and will invite the Leadership Board to consent to the making of an Order giving effect to these matters.

3. Reasons for the Proposals

- 3.1 The consent of the North East Combined Authority to the order is a statutory obligation and this condition must be satisfied before the Secretary of State may make an order under Section 106 of the 2009 Act. Further information will be provided in the supplemental report which is to be published as soon as possible.

Leadership Board

4. Alternative Options Available

4.1 A full overview of options will be provided in the supplemental report.

5. Next Steps and Timetable for Implementation

5.1 An overview of next steps and a timetable for implementation will be provided in the supplemental report.

6. Potential Impact on Objectives

6.1 An overview of the potential impact on objectives will be provided in the supplemental report.

7. Financial and Other Resources Implications

7.1 An overview of financial and other resource implications will be provided in the supplemental report.

8. Legal Implications

8.1 An overview of legal implications will be provided in the supplemental report

9. Key Risks

9.1 An overview of the key risks will be provided in the supplemental report.

10. Equality and Diversity

10.1 An overview of the equality and diversity issues and impacts will be provided in the supplemental report.

11. Crime and Disorder

11.1 An overview of the crime and disorder issues and implications will be provided in the supplemental report.

12. Consultation/Engagement

12.1 Full details of consultation and engagement will be provided in the supplemental report.

13. Other Impact of the Proposals

13.1 An overview of other impacts of the proposals outlined in the report will be provided in the supplemental report.

Leadership Board

14. Appendices

14.1 There are no appendices to this report.

15. Background Papers

15.1 There are no background papers to this report

16. Contact Officers

16.1 Peter Judge, Monitoring Officer, peter.judge@northeastca.gov.uk, 0191 338 7455

17. Sign off

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

18. Glossary

2009 Act - Local Democracy, Economic Development and Construction Act 2009

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

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