



north east combined authority

Leadership Board

Tuesday 20th June 2017 at 2.00 pm (Annual Meeting)

Meeting to be held in a Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

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AGENDA

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11.	Date and Time of Next Meeting	

Tuesday, 18 July 2017 at 2pm at South Tyneside Council.

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

To All Members

Leadership Board

Date: 20 June 2017

Subject: Membership of the Leadership Board

Report of: Monitoring Officer

Executive Summary

The purpose of this report is to invite the Leadership Board to:

- a. Confirm its membership for the municipal year 2017/18;
- b. Appoint its Chair and Vice-Chairs for the municipal year 2017/18;
- c. Appoint Thematic Leads for the municipal year 2017/18 for the following Thematic Lead Areas: (i) Economic Development and Regeneration, (ii) Employability and Inclusion and (iii) Transport and Digital Connectivity; and
- d. Appoint two representatives from the North East Local Enterprise Partnership (North East LEP) to the Leadership Board as a non-voting Member and a Substitute Member for the municipal year 2017/18.

Recommendations

It is recommended that:

- i. The membership of the Leadership Board for the municipal year 2017/18 be confirmed as set out in Appendix A;
- ii. The Leadership Board appoints its Chair and Vice-Chairs for the municipal year 2017/18;
- iii. The Leadership Board re-appoints Mr Andrew Hodgson as the non-voting Member of the Leadership Board representing the North East Local Enterprise Partnership during the municipal year 2017/18;
- iv. The Leadership Board re-appoints Ms Gillian Hall as the Substitute Member for the Member of the Leadership Board who represents the North East Local Enterprise Partnership during the municipal year 2017/18; and
- v. The Leadership Board appoints Thematic Leads for the following Thematic Lead Areas: (i) Economic Development and Regeneration, (ii) Employability

Leadership Board

and Inclusion and (iii) Transport and Digital Connectivity for the municipal year 2017/18.

Leadership Board

1. Background Information

Confirmation of the Membership of the Leadership Board

- 1.1 Under the Constitution of the North East Combined Authority (the Authority), the Leadership Board is the decision-making body of the Authority subject to any delegated authority that it has given to other decision-making bodies or chief officers.
- 1.2 Each of the constituent local authorities is required to appoint its Leader or Elected Mayor to be a Member of the Leadership Board and another Member to act in the absence of the appointed Member as their substitute. The appointments of the constituent authorities to the Leadership Board for the municipal year 2017/18 have been received and are set out in Appendix A.
- 1.3 The Leadership Board is required to confirm its membership for the municipal year 2017/18.

Appointment of the Chair and Vice-Chairs of the Leadership Board

- 1.4 The Leadership Board is required to appoint its Chair and Vice-Chair(s) from amongst its Members.

Appointment of a Member and a Substitute Member from the North East LEP

- 1.5 The North East LEP is required to nominate one Member as a non-voting Member of the Leadership Board and another Member as that Member's Substitute Member. The North East LEP nominations have been received and are set out in Appendix A. The Leadership Board is required to appoint those nominated by the North East LEP.

Appointment of Thematic Leads

- 1.6 The Thematic Lead Areas were created by the Leadership Board to enable the functions of the Authority to be undertaken more effectively. The Leadership Board is invited to agree to continue with the existing Thematic Lead Areas and appoint the Thematic Leads for the municipal year 2017/18 as follows:

Leadership Board

- Economic Development and Regeneration – Councillor Iain Malcolm;
- Employability and Inclusion – Councillor Peter Jackson; and
- Transport and Digital Connectivity – Councillor Nick Forbes.

2. Proposals

- 2.1 The Leadership Board is invited to agree the recommendations set out above.

3. Reasons for the Proposals

- 3.1 The proposals will enable the Authority to operate effectively and in accordance with the Order that established the Authority and the Authority's Constitution.

4. Alternative Options Available

- 4.1 There are no alternative options available.

5. Next Steps and Timetable for Implementation

- 5.1 Information on the appointment will be communicated to all stakeholders involved and published on the Authority's website as soon as it is practicably possible.

6. Potential Impact on Objectives

- 6.1 The appointments will enable the Authority to properly discharge its functions, thereby assisting in delivering on its objectives.

7. Financial and Other Resources Implications

- 7.1 There are no specific financial implications arising from these recommendations.

Leadership Board

8. Legal Implications

- 8.1 The Authority is required to confirm its membership in accordance with the Order that established the Authority and the Authority's Constitution. The Leadership Board is required each municipal year to appoint its Chair and Vice-Chair(s) at the annual meeting of the Authority. It is also required under the terms of the Constitution to designate the Thematic Leads and to appoint or confirm the membership of committees as set out in Part 4.1 of the Constitution.

9. Key Risks

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

10. Equality and Diversity

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

11. Other Impact of the Proposals

- 11.1 The proposals comply with the principles of decision-making. The proposals would enable the Authority to properly discharge its functions, therefore assisting the Authority in delivering on its objectives.

12. Appendices

- 12.1 Appendix A: North East Leadership Board, Membership, Municipal Year 2017/18

13. Background Papers

- 13.1 The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014; and
The Constitution of the North East Combined Authority.

Leadership Board

14. Contact Officers

14.1 Vivienne Geary, Monitoring Officer,
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Victoria Miller, Democratic Services Officer,
E-mail: victoria.miller@newcastle.gov.uk Tel: 0191 211 5118

14. Sign off

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

15. Glossary

The Authority - North East Combined Authority

North East LEP - North East Local Enterprise Partnership

Appendix A: North East Leadership Board, Membership, Municipal Year 2017/18

Membership: 8 (one Member from each constituent local authority and one non-voting Member from the North East Local Enterprise Partnership).

Constituent Authority/Organisation	Member	Substitute Member
Durham County Council	Councillor Simon Henig	Councillor Alan Napier
Gateshead Council	Councillor Martin Gannon	Councillor Catherine Donovan
Newcastle upon Tyne City Council	Councillor Nick Forbes	Councillor Joyce McCarty
North Tyneside Council	Mayor Norma Redfearn	Councillor Bruce Pickard
Northumberland County Council	Councillor Peter Jackson	Councillor Wayne Daley
South Tyneside Council	Councillor Iain Malcolm	Councillor Alan Kerr
Sunderland City Council	Councillor Paul Watson	Councillor Henry Trueman
North East Local Enterprise Partnership (non-voting)	Mr Andrew Hodgson	Ms Gillian Hall

Thematic Lead Areas and Thematic Leads, Municipal Year 2017/18

- **Economic Development and Regeneration** – Councillor Iain Malcolm
- **Employability and Inclusion** – Councillor Peter Jackson
- **Transport and Digital Connectivity** – Councillor Nick Forbes

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North East Combined Authority

Leadership Board

21 March 2017

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

Present:

Councillor P Watson (Chair)

Councillors G Davey, M Gannon, I Malcolm, J McCarty and B Pickard and Ms G Hall

95 **APOLOGIES FOR ABSENCE (MEMBERS)**

Apologies for absence were received from Councillors N Forbes and S Henig, Elected Mayor N Redfearn and Mr A Hodgson.

96 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

97 **MINUTES OF THE PREVIOUS MEETING HELD ON 17 JANUARY 2017**

The minutes of the previous meeting held on 17 January 2017 were approved as a correct record and signed by the Chair.

98 **MINUTES OF THE EXTRAORDINARY MEETING HELD ON 7 MARCH 2017**

The minutes of the extraordinary meeting held on 7 March 2017 were approved as a correct record and signed by the Chair.

99 **APPOINTMENT OF THE MONITORING OFFICER**

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

It was noted that the Combined Authority was unable to finalise the recruitment exercise to secure an Interim Monitoring Officer for the authority for the meeting today.

It was, therefore, **RESOLVED** – That the report on the appointment of the Monitoring Officer be deferred.

100 **"HEALTH AND WEALTH: CLOSING THE GAP IN THE NORTHEAST" - THE REPORT OF THE NECA/NHS COMMISSION FOR HEALTH AND SOCIAL CARE INTEGRATION**

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

Members considered the report which provided information on the feedback received by the Chair of the Commission for Health and Social Care Integration from local authorities and health organisations, an overview of collaborative work to date and various aspects of the joint emerging oversight arrangements.

RESOLVED – That:

- i. The feedback received and the cross-cutting issues raised to the Commission's recommendations (paragraphs 2 and 3) be noted;
- ii. The collaborative work with NHS organisations to implement joint oversight arrangements be continued and these arrangements would reflect and recognise local accountability (paragraph 5 and 6); and
- iii. Agreement be given to receiving regular updates regarding the implementation of the Commission's recommendations.

101 **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.

As an update, it was noted that the Economic Development and Regeneration Advisory Board had appointed Ms Gillian Hall, North East Local Enterprise Partnership, as its second Vice-Chair, in accordance with the delegation granted to the Advisory Board by the Leadership Board.

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 the latest progress made in delivering the Employability and Inclusion and Skills themes of the Strategic Economic Plan.

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 progress in relation to various activities in the region that were helping to deliver the Transport Manifesto.

The ensuing discussion included matters such as the importance of investment into the Metro fleet; the need for investment in transport across the region to drive improvements, support and enable developments and address issues of capacity; the importance of incorporating these matters in strategic planning; and the need to continue to lobby the government on these matters.

RESOLVED – That the report be noted.

102 PROJECT APPROVALS - LOCAL GROWTH FUND AND GOING ULTRA LOW

Submitted: A joint 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 approvals with regard to several Local Growth Fund (LGF) projects, Enterprise Zone projects, a programme of advance Enterprise Zone work and the Go Ultra Low North East Programme.

RESOLVED – That:

- i. Agreement be given to the issuing of a full Grant Funding Agreement of £4.204m to deliver the combined Northern Access Corridor Phase 2 & 3 project, which would now be treated as one project, and in accordance with specific conditions as set out in paragraph 2.1.3 of the report;
- ii. Agreement be given to further extension of the South Shields Transport Hub 'Stage 1' LGF Grant Funding Agreement by £0.900m, to £3.400m, for further development and enabling works and in accordance with specific conditions as set out in paragraph 2.2.3 of the report;
- iii. Agreement be given to a Stage 1 LGF grant funding allocation of £1.260m for advance works on the North Bank of Tyne (Swans) project, as outlined in section 2.3 of the report subject to standard grant funding terms and conditions, including clawback clauses should follow-on works not proceed and also confirmation that this assistance was compliant with State Aid regulations;
- iv. Agreement be given to a £2m block programme available to fund advance Enterprise Zone works to help accelerate activity on the enterprise zone sites, funded initially by the Local Growth Fund grant and then from business rate income from the sites, as set out in section 2.4 of the report;

- v. Agreement be given to the £1.417m of first phase highway infrastructure works on the Newcastle Airport Enterprise Zone site, and an additional £3.5m for the Sunderland A19 Hillthorn Farm Enterprise Zone – Site 3 Highway Works and Land Remediation, which had been approved by the North East Local Enterprise Partnership (LEP) in January and was to be funded from business rate receipts, as set out in section 2.4 of the report;
- vi. Delegate authority be given to the Head of Paid Service to implement any change to the Local Growth Fund Grant Funding programme agreed to by the Local Enterprise Partnership Board on 23 March, in consultation with the Chair, the Chief Finance Officer and Monitoring Officer;
- vii. The Monitoring Officer be authorised to finalise and enter into any legal and Grant Funding documentation required to enable the Local Growth Funding programme to proceed; and
- viii. Delegated authority be given to the Head of Paid Service in consultation with the Lead Chief Executive for Transport, Chief Finance Officer and the Monitoring Officer to take all appropriate steps to implement the Go Ultra Low North East Programme and authorise the Monitoring Officer to negotiate and complete the associated funding agreement(s) and all other relevant legal documentation to deliver the Programme.

103 **COMBINED AUTHORITIES (OVERVIEW AND SCRUTINY COMMITTEES, ACCESS TO INFORMATION AND AUDIT COMMITTEES) ORDER 2016**

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

Members considered the report which advised them of the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 and invited approval of associated arrangements.

The Monitoring Officer clarified the advisable options for the Chair and Vice-Chair of the Overview and Scrutiny Committee and that the changes to the Constitution if independent persons were appointed as Chair and Vice-Chair were identified by use of italics in Appendix 1 of the report. The Appendix provided the relevant section of the Constitution affected by the changes introduced by the new Order.

The Chair explained that the Leadership Board had given full regard to the views of the Overview and Scrutiny Committee; and whilst the Leadership Board appreciated the Committee's views and complimented the Committee on its work, it was understood that the changes were brought to improve the position across the country because the current arrangements did not work well everywhere.

RESOLVED – That:

- i. The implications of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 be noted;

- ii. Consent be given to the publication of the procedure for call-in of decisions proposed by the Overview and Scrutiny Committee as set out in the report;
- iii. The Chair of the Overview and Scrutiny Committee would be an independent person;
- iv. Agreement be given to the establishment of the role of Vice-Chair for the Overview and Scrutiny Committee and their appointment would be on the same basis as the appointment of the Chair of the Overview and Scrutiny Committee agreed under Resolution iii above;
- v. The Leadership Board noted that the Chair and Vice-Chair of the Governance Committee were independent members and the appointment of independent members to fulfil such roles would continue;
- vi. The Leadership Board would continue to support the process for member referrals and member involvement in establishing an annual scrutiny work programme as set out in the report;
- vii. The relevant amendments to the Constitution as set out in Appendix 1 of the report to reflect the appointment of independent persons as Chair and Vice-Chair of the Overview and Scrutiny Committee be agreed; and
- viii. The statement provided by the Overview and Scrutiny Committee at paragraph 3.20 of the report be noted.

104

OVERVIEW AND SCRUTINY COMMITTEE POLICY REVIEW: TRANSPORT RELATED BARRIERS TO EDUCATION, EMPLOYMENT AND TRAINING

Submitted: A report of the Lead Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on the 2015/16 Policy Review undertaken by the Overview and Scrutiny Committee into transport-related barriers to education, employment and training.

The Chair asked for thanks to be passed on to the Overview and Scrutiny Committee for its work and highlighted the importance of incorporating the committee's comments as applicable.

RESOLVED – That:

- i. The recommendations proposed by the Overview and Scrutiny Committee be noted; and
- ii. The proposed response to the Overview and Scrutiny Committee, as set out in Appendix 4, be agreed.

105 **SUSTAINABLE URBAN DEVELOPMENT FUNDING**

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

Members considered the report which set out the background to Sustainable Urban Development (SUD) funding and sought approval to proceed with delivering this funding in the North East.

RESOLVED – That:

- i. The proposal to deliver Sustainable Urban Development European Funding in the North East as set out in section 2 of the report be approved;
- ii. Newcastle City Council would be the Intermediary Body for the Sustainable Urban Development European Funding; and
- iii. The operational approach set out in paragraph 2.3 of the report and below be approved:
 - The Intermediary Body function would be undertaken by Newcastle City Council.
 - The Strategy function would be undertaken by the North East LEP in partnership with the Intermediary Body, other local authorities and key stakeholders. This involved finalising the SUD Strategy document with the Department for Communities and Local Government (DCLG) and writing the associated strategic call documents to invite project applications.
 - SUD project development should be undertaken by all six local authorities within the SUD boundary and wider partners to respond to the calls for SUD projects to be funded.
 - SUD project evaluation was part of the Intermediary Body function and would be undertaken by Newcastle City Council in partnership with DCLG and with appropriate ethical walls in place.
 - A sub-group of the existing European Structural and Investment Funds (ESIF) Sub-Committee governance structure would be utilised to provide the Intermediary Body assessment of projects. All six local authorities should be represented on this sub-group.

106 **DATE AND TIME OF NEXT MEETING (ANNUAL MEETING)**

Tuesday, 20 June 2017 at 2pm at North Tyneside Council.

Leadership Board

Date: 20 June 2017

Subject: Appointment of Committees, Agreement of Membership, Appointment of Chairs and Vice-Chairs, Appointment of Members to Outside Bodies and Appointment of External Auditor

Report of: Monitoring Officer

Executive Summary

This report seeks agreement to the continued establishment of the committees of the North East Combined Authority (NECA), addition of the Overview and Scrutiny Call-In Sub-Committee and appointment of Members, Chairs and Vice-Chairs, including appointment of Members to an outside body. The report also provides information on the appointment of the External Auditor.

Recommendations

The Leadership Board is recommended to:

- i. Appoint committees as set out in Appendix A;
- ii. Establish the Overview and Scrutiny Call-In Sub-Committee, as set out in Appendix A;
- iii. Accept the nominations for the membership of the committees and sub-committees, which have been received from the constituent local authorities, as set out in Appendix A;
- iv. Appoint an independent person Mr David Taylor-Gooby as Chair of the Overview and Scrutiny Committee and agree an annual remuneration of £2,000 for the role, paid in monthly instalments;
- v. Appoint Chairs and Vice-Chairs of the committees for the municipal year 2017/18 or where appropriate agree to delegate the appointment to the relevant committees, as set out in paragraphs 1.9 and 1.11;
- vi. Designate an Alternate Member to represent the Authority on Rail North whenever the Member is unable to attend; and
- vii. Note the position in relation to the appointment of the External Auditor for 2017/18.

Leadership Board

1. Background Information

- 1.1 The Combined Authority was created pursuant to the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA 2009) and by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014 (“the Order”) which came into force on 15 April 2014.
- 1.2 Under the provisions of the Order 2014, the Authority was required to have an Overview and Scrutiny Committee. Other than that committee, the NECA was free to establish other committees or sub-committees as it considered appropriate.

Changes in respect of arrangements for the Overview and Scrutiny Committee and the Governance Committee

- 1.3 The provisions of the Order in respect of arrangements for the Overview and Scrutiny Committee and the Governance Committee have been superseded by the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (the “Overview and Scrutiny Order”), as reported to the Leadership Board in March 2017. Whilst many of the requirements of the Overview and Scrutiny Order are largely in place, the Overview and Scrutiny Order requires the following material changes:
 - Call-in of decisions;
 - Overview and Scrutiny Committees and Audit Committees (and by implication the NECA Governance Committee) reflecting regional political balance;
 - The Chairs of the above committees to be independent persons or members who are not from the majority political party; and
 - The appointment of a Scrutiny Officer who may not be employed by a constituent authority.
- 1.4 An Overview and Scrutiny Call-In Sub-Committee meeting will be arranged on receipt of a valid request for a call-in of a NECA decision. The Call-In Sub-Committee will comprise of 7 Members drawn from Members or Substitute Members of the Overview and Scrutiny Committee, and also the Independent Chair or Independent Vice-Chair. The Sub-Committee will exclude Members who had requested the call-in. As far as practicably possible, the Sub-Committee would need to reflect the regional political balance.

Proposed Committees, Municipal Year 2017/18

- 1.5 Listed below are the proposed committees, including the mandatory committees, for the municipal year 2017/18:

Leadership Board

- 1) Leadership Board, the lead decision-making body of the Authority;
- 2) Transport North East Committee (TNEC), a joint committee;
- 3) Transport North East (Tyne and Wear) Sub-Committee (TWSC), a sub-committee of TNEC consisting of the Tyne and Wear Members of TNEC;
- 4) Governance Committee, a committee to discharge responsibilities in relation to matters concerning standards, risk management and audit;
- 5) Governance Sub-Committee, a sub-committee of the Governance committee to conduct hearings relating to complaints, breaches or misconduct and deal with dispensations relating to Members' interests;
- 6) Economic Development and Regeneration Advisory Board (EDRAB), a joint committee to advise the Leadership Board on matters arising in relation to economic development and regeneration;
- 7) Overview and Scrutiny Committee; and
- 8) Overview and Scrutiny Call-In Sub-Committee, a sub-committee to consider the call-ins of decisions.

Relevant terms of reference of the above committees are set out in the Authority's Constitution.

- 1.6 It is recommended that the committees referred to above should be appointed, or where appropriate re-appointed, for the municipal year 2017/18.

Committee Membership, Municipal Year 2017/18

- 1.7 The nominations for the membership of the committees of NECA for the municipal year 2017/18, including substitute members where appropriate, have been received and are set out in Appendix A.

Chairs and Vice-Chairs of Committees

- 1.8 The Thematic Lead for Transport and Digital Connectivity fulfils the role of Chair of TNEC.
- 1.9 The three Vice-Chairs of TNEC are the portfolio holders with responsibilities for transport from the constituent local authorities from (i) Durham, (ii) Northumberland and (iii) Tyne and Wear.
- 1.10 The Vice-Chair of TNEC representing Tyne and Wear undertakes the role of Chair of TWSC.
- 1.11 In the previous years, the Leadership Board delegated the responsibility for the appointment of the Vice-Chair of TNEC from the Tyne and Wear

Leadership Board

constituent authorities to TNEC. It is open to the Leadership Board to adopt the same approach for the forthcoming municipal year.

- 1.12 The Leadership Board may also choose to delegate responsibility to TNEC to appoint a Vice-Chair of TWSC.
- 1.13 The Thematic Lead for Economic Development and Regeneration fulfils the role of Chair of EDRAB.
- 1.14 With regard to Vice-Chairs of EDRAB, previously the Leadership Board delegated these appointments to EDRAB. The second Vice-Chair of EDRAB is appointed from the business representative Co-opted Members. The Leadership Board may wish to continue with these arrangements.
- 1.15 At the Leadership Board meeting on 21 March 2017, the Board agreed that the Chair and Vice-Chair of the Overview and Scrutiny Committee will be Independent Persons. The vacancy for the Chair was subsequently advertised and, following a selection process, it is now proposed that Mr David Taylor-Gooby should fulfil this role. An annual remuneration of £2,000 is proposed for the role. The recruitment of a candidate for the role of Vice-Chair will follow.
- 1.16 At the same meeting held on 21 March 2017, the Leadership Board also noted that the Chair and Vice-Chair of the Governance Committee are Independent Members Mr Mark Scrimshaw and Mr George Clark. Their term of office is valid until June 2018. An annual fee of £2,000 and £1,000 respectively is paid for the roles.

External Auditor

- 1.17 The Combined Authority is required to have an external auditor. At its extraordinary meeting held on 7 March 2017 the Leadership Board has agreed to opt into the national scheme for the appointment of external auditors. The External Auditor for the Authority for 2017/18 will continue to be Mazars.

Appointment to Outside Bodies: Rail North

- 1.18 The Leadership Board appointed Councillor Nick Forbes, the Thematic Lead for Transport and Chair of the Transport North East Committee to represent the Authority on Rail North.

Leadership Board

1.19 The Leadership Board is now invited to designate an Alternate Member for Councillor Forbes from amongst the Vice-Chairs of the Transport North East Committee.

2. Proposals

2.1 The Leadership Board is invited to approve the proposed committee structure and confirm membership, appoint Chairs and Vice-Chairs or delegate the responsibility for the appointment to committees, appoint an Alternate Member to Rail North and note the arrangements for the appointment of external auditors.

3. Reasons for the Proposals

3.1 The proposals will enable the Authority to operate effectively and in accordance with the Order and the Authority's Constitution.

4. Alternative Options Available

4.1 Option 1:

- The Leadership Board is invited to delegate to the TNEC the appointment of the third Vice-Chair of TNEC from the Tyne and Wear Constituent Authorities and that Vice-Chair would then full-fill the role of the Chair of TWSC;
- The Leadership Board is invited to delegate to the TNEC the appointment of a Vice-Chair of TWSC; and
- The Leadership Board is invited to delegate to the EDRAB the appointment of Vice-Chairs of EDRAB.

Option 2:

The Leadership Board may choose to appoint Chairs and Vice-Chairs of all committees and sub-committees.

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

6.1 The appointments will enable the Authority to properly discharge its functions, thereby assisting in the delivery on its objectives.

Leadership Board

7. Financial and Other Resources Implications

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

NECA is responsible for the fees paid to the Co-opted Independent Members of the Governance Committee and the Overview and Scrutiny Committee. The Co-opted Independent Members of these committees receive an annual fee of £2,000 for undertaking the role of Chair and £1,000 for the role of Vice-Chair, with the fees being paid in monthly instalments. This is within the existing budget.

NECA is also responsible for the fees paid to the Independent Person for the purpose of standards regime. The annual fee for undertaking this role is £1,000. This is within the existing budget.

There is no specific provision in the budget to support expenses associated with membership of outside bodies. Membership of transport-related outside bodies would be charged to the transport budget and any membership of non-transport bodies would be met from the corporate general budget of NECA.

8. Legal Implications

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

In addition, the arrangement for the appointment of an External Auditor is in accordance with the Audit Commission Act 1998.

9. Key Risks

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

Leadership Board

10. Equality and Diversity

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

11. Other Impact of the Proposals

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

12. Appendices

- 12.1 Appendix A: Committees and Membership 2017/18

13. Background Papers

- 13.1 The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014;

Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017;

Openness of Local Government Bodies Regulations 2014;

The Constitution of the North East Combined Authority;

Reports to, and the Minutes of, the annual meetings of the Leadership Board in the previous municipal years; and

Minutes of the Leadership Board meetings held on 17 January 2017, 7 March 2017 and 21 March 2017.

14. Contact Officers

- 14.1 Vivienne Geary, Monitoring Officer
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Leadership Board

15. Sign off

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

16. Glossary

NECA – North East Combined Authority

TNEC – Transport North East Committee

TWSC – Transport North East (Tyne and Wear) Sub-Committee

EDRAB – Economic Development and Regeneration Advisory Board

Appendix A: Committees and Membership, Municipal Year 2017/18

A. Leadership Board

Membership: 8 (one Leader/Elected Mayor from each constituent local authority and a non-voting North East Local Enterprise Partnership Member).

Authority/Body	Member	Substitute Member
Durham	Councillor Simon Henig	Councillor Alan Napier
Gateshead	Councillor Martin Gannon	Councillor Catherine Donovan
Newcastle upon Tyne	Councillor Nick Forbes	Councillor Joyce McCarty
North Tyneside	Mayor Norma Redfearn	Councillor Bruce Pickard
Northumberland	Councillor Peter Jackson	Councillor Wayne Daley
South Tyneside	Councillor Iain Malcolm	Councillor Alan Kerr
Sunderland	Councillor Paul Watson	Councillor Henry Trueman
North East Local Enterprise Partnership (non-voting)	Mr Andrew Hodgson	Ms Gillian Hall

Thematic Lead Areas:

Economic Development and Regeneration – Councillor Iain Malcolm

Employability and Inclusion – Councillor Peter Jackson

Transport and Digital Connectivity – Councillor Nick Forbes

B. Transport North East Committee (TNEC)

Membership: 14 (two Members from each constituent local authority).

Authority	Member	Substitute Member
Durham	Councillor Carl Marshall (Transport Portfolio Holder)	Councillor Joy Allen
	Councillor Kevin Shaw	
Gateshead	Councillor Malcolm Brain (Transport Portfolio Holder)	Councillor Liz Twist
	Councillor Stuart Green	
Newcastle upon Tyne	Councillor Nick Forbes	Councillor Arlene Ainsley
	Councillor Joyce McCarty	
North Tyneside	Councillor John Harrison (Transport Portfolio Holder)	Councillor Tommy Mulvenna
	Councillor Muriel Green	
Northumberland	Councillor Glen Sanderson (Transport Portfolio Holder)	Councillor Jeff Watson
	Councillor John Riddle	
South Tyneside	Councillor Allan West (Transport Portfolio Holder)	Councillor Iain Malcolm
	Councillor Gladys Hobson	
Sunderland	Councillor Michael Mordey (Transport Portfolio Holder)	Councillor Paul Watson
	Councillor Mel Speding	

C. Transport North East (Tyne and Wear) Sub-committee (TWSC)

Membership: 5 (one Member from each Tyne and Wear constituent local authority).

Authority	Member	Substitute Member
Gateshead	Councillor Malcolm Brain	Councillor Liz Twist
Newcastle upon Tyne	Councillor Joyce McCarty	Councillor Arlene Ainsley
North Tyneside	Councillor John Harrison	Councillor Muriel Green
South Tyneside	Councillor Gladys Hobson	Councillor Allan West
Sunderland	Councillor Michael Mordey	Councillor Paul Watson

D. Economic Development and Regeneration Advisory Board (EDRAB)

Membership: 7 (one Member from each constituent local authority) and 1 non-voting Member from the North East Local Enterprise Partnership (NELEP) and also Co-opted Members representing the following organisations (one from each organisation): the North East England Chamber of Commerce (NECC), Confederation of British Industry (CBI), Federation of Small Business (FSB) and Trade Union Congress (TUC).

Authority	Member	Substitute Member
Durham	Councillor Carl Marshall	Councillor Kevin Shaw
Gateshead	Councillor Gary Haley	Councillor Liz Twist
Newcastle upon Tyne	Councillor Ged Bell	Councillor Veronica Dunn
North Tyneside	Councillor Bruce Pickard	Councillor Brian Burdis
Northumberland	Councillor Richard Wearmouth	Councillor Nick Oliver
South Tyneside	Councillor Iain Malcolm	Councillor John Anglin
Sunderland	Councillor Paul Watson	Councillor Henry Trueman
Also		
Organisation	Co-opted Member (non-voting)	
North East Local Enterprise Partnership	Ms Gillian Hall	
North East England Chamber of Commerce	Mr Jonathan Walker	
Trade Union Congress	Ms Beth Farhat	
Confederation of British Industry	Ms Sarah Glendinning	
Federation of Small Business	Mr Simon Hanson	

E. Governance Committee

Membership: 9 (one Member from each of the seven constituent local authority and two non-voting Co-opted Independent Members who will act as Chair and Vice-Chair) and also 1 Independent Person for the purpose of the standards regime, who is invited to observe meetings.

Political balance: 7 (5+2)

Authority	Member	Substitute Member
Durham	Councillor Edward Bell	Councillor Bill Kellett
Gateshead	Councillor Helen Hughes	Councillor Jim Turnbull
Newcastle upon Tyne	Councillor Marion Talbot	Councillor John-Paul Stephenson
North Tyneside	Councillor Carl Johnson	Councillor Peter Earley
Northumberland	Councillor Mark Swinburn	Councillor Gordon Castle
South Tyneside	Councillor Gladys Hobson	Councillor Jim Foreman
Sunderland	Councillor Henry Trueman	Councillor Mel Speding
Non-voting Co-opted Independent Member		
Independent Member, Chair	Mr Mark Scrimshaw	
Independent Member, Vice-Chair	Mr George John Clark	
Independent Person		
Independent Person	Ms Stella Gardner	

F. Governance Sub-Committee

Membership: 3 (any two Members from the voting Members of the Governance Committee and one Co-opted Independent Member).

G. Overview and Scrutiny Committee

Membership: 14 and also 2 non-voting Independent Members who will act as Chair and Vice-Chair (two Members from each constituent local authority, who are not Members of the Leadership Board or any other committee of the Combined Authority, plus a non-voting Independent Co-opted Member who will be the Chair and a non-voting Independent Co-opted Member who will be the Vice-Chair).

Political balance: 14 (11+3)

Authority	Member	Substitute Members
Independent Person (non-voting), Chair	Mr David Taylor-Gooby	Not applicable
Independent Person (non-voting), Vice-Chair	To be confirmed	Not applicable
Durham	Councillor Rob Crute	Councillor Alison Batey
	Councillor Andrea Patterson	To be confirmed
Gateshead	Councillor John Eagle	Councillor Stuart Green
	Councillor Neil Weatherley	Councillor Bernadette Oliphant
Newcastle upon Tyne	Councillor Anita Lower	To be confirmed
	Councillor Oskar Avery	Councillor George Allison
North Tyneside	Councillor Sandra Graham	Councillor Anthony McMullen
	Councillor Ray Glendon	Councillor Peter Earley
Northumberland	Councillor Barry Flux	Councillor Cath Homer
	Councillor Richard Dodd	To be confirmed
South Tyneside	Councillor Joe Amar	Councillor Adam Ellison
	Councillor Wilf Flynn	Councillor Kenneth Stephenson
Sunderland	Councillor Dianne Snowdon	Councillor Darryl Dixon
	Councillor Norma Wright	Councillor Patricia Smith

H. Call-In Sub-Committee

Membership: 7 Members drawn from the Overview and Scrutiny Committee (or substitute members) with a representative Member from each of the constituent local authorities and also the Independent Chair or Vice-Chair (Members signing the Call-in request are not permitted to sit on the Sub-Committee).

Political balance: 7 (5+2).

I. Outside Bodies

Rail North

Member: Councillor Nick Forbes, the Thematic Lead for Transport (and Digital Connectivity) and Chair of the Transport North East Committee

Alternate Member: A Vice-Chair of the Transport North East Committee

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Leadership Board

Date: 20 June 2017

Subject: Programme of Committee Meetings, Municipal Year 2017/18

Report of: Monitoring Officer

Executive Summary

The purpose of this report is to invite Members to agree the programme of meetings for the municipal year 2017/18.

In order to discharge its functions effectively, the North East Combined Authority (the Authority) and its committees are advised to meet according to the programme set out in Appendix A. The programme has been developed in consultation with the constituent local authorities.

Recommendations

It is recommended that the Leadership Board agrees the proposed programme of meetings, as set out in Appendix A.

Leadership Board

1. Background Information

- 1.1 The North East Combined Authority's responsibilities for functions in relation to transport and digital connectivity and economic development and regeneration are set out in the Authority's Constitution together with details of the committee structure to assist with the discharge those functions effectively.
- 1.2 The proposed programme of meetings was developed in consultation with the constituent local authorities taking into consideration a number of aspects, including the timetable of the key areas of work, effective reporting structure, efficiency, consistency and requirements of internal and external audit.
- 1.3 Members are invited to note that in order to accommodate the Authority's budget setting process, an extraordinary meeting of the Transport North East Committee and Transport North East (Tyne and Wear) Sub-Committee might be required in December 2017.

2. Proposals

- 2.1 The Authority and its committees are advised to meet according to the programme of meetings set out in Appendix A.

3. Reasons for the Proposals

- 3.1 The Authority is required to have an effective committee structure. The proposals would help the Authority to discharge its functions effectively.

4. Alternative Options Available

- 4.1 Whilst the programme of meetings was developed to ensure efficiency and effectiveness and no alternative options are proposed at this stage, a level of flexibility is required to enable the committees to add, rearrange or cancel meetings in accordance with the demands of the business.

5. Next Steps and Timetable for Implementation

- 5.1 If agreed, the programme of meetings will be published on the Authority's website and shared with key stakeholders.

Leadership Board

6. Potential Impact on Objectives

- 6.1 As part of decision-making processes, the Authority is required to have an effective committee structure. Having a programme of meetings will assist in the delivery of the Authority's objectives.

7. Financial and Other Resources Implications

- 7.1 The proposed programme of meetings was designed to minimise costs whilst supporting effective governance.

8. Legal Implications

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

9. Key Risks

- 9.1 The proposed programme of meetings is aimed at assisting the Authority with the operation of an effective governance structure. It should, therefore, have a positive effect on the Authority's ability to manage risks.

10. Equality and Diversity

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

11. Other Impact of the Proposals

- 11.1 The proposals comply with the principles of decision-making.
- 11.2 The proposals were designed in consultation with the constituent local authorities.

12. Appendices

- 12.1 Appendix A: Programme of Committee Meetings, Municipal Year 2017/18

13. Background Papers

- 13.1 The North East Combined Authority Constitution

14. Contact Officers

- 14.1 Vivienne Geary, Monitoring Officer

Leadership Board

E-mail: viv.geary@northtyneside.gov.uk Tel: 0191 643 5339

Victoria Miller, Democratic Services Officer

E-mail: victoria.miller@newcastle.gov.uk Tel: 0191 211 5118

14. Sign off

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

15. Glossary

The Authority – North East Combined Authority.

North East Combined Authority

Programme of Committee Meetings, Municipal Year 2017/18

Committee	Date / Time	Jun 2017	Jul 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
Leadership Board	3 rd Tue 2pm	20 Ann.	18	19		21		16		20			19 Ann.
Economic Development and Regeneration Advisory Board	4 th Tue 2pm		25		24			23		27			
Governance Committee	Tue 2pm		4	12			5				3		
Overview and Scrutiny Committee	Mon/ Thurs 10am		10	7			14			15			
Transport North East Committee	Thur 2pm		13			16	*		8		19		
Transport North East (Tyne and Wear) Sub-Committee (TWSC)	Thur 2pm, or 3pm after TNEC		13	14		16	*	25			19		

Venues: Meetings will rotate across various venues of the seven constituent local authorities.

*An extraordinary meeting might be required to accommodate the Authority's budget setting process.

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Leadership Board

Date: 20 June 2017

Subject: Review of the Constitution of the North East Combined Authority

Report of: Vivienne Geary, Monitoring Officer

Executive Summary

The purpose of this report is to secure the agreement from the Leadership Board to relevant changes to the North East Combined Authority Constitution arising from the required annual review.

Recommendations

The Leadership Board is recommended to agree the changes to the Constitution as set out in the Appendix to this report

Leadership Board

1. Background Information

- 1.1 The NECA Constitution requires the Monitoring Officer to monitor and review the Constitution on an annual basis and for relevant changes to be agreed by the Leadership Board.

Anti-Fraud and Corruption Policy and Whistleblowing Policy

On 5 July 2016 the Governance Committee reviewed the Anti Fraud and Corruption Policy and sought amendments to the policy which were agreed by the Committee on 13 September. At that meeting the Committee also proposed small amendments to the Whistleblowing Policy to ensure the policy was in line with current best practice.

- 1.2 Attached to the report at Appendix 1 is the Anti-Fraud and Corruption Policy and Whistleblowing Policy showing the recommended changes by the Governance Committee.

2. Proposals

- 2.1 The Leadership Board is recommended to agree the proposed changes to the North East Combined Authority Constitution referred to above.

3. Reasons for the Proposals

- 3.1 Agreement to the proposed changes to the draft Constitution by the Leadership Board are minor, but are significant enough to require the approval of the Leadership Board such changes. The proposed changes will ensure the proposed changes by the Governance Committee, which has responsibility for oversight of the Authority's systems of internal control, are included in the Authority's Constitution.

4. Alternative Options Available

Option 1 – The Leadership Board accept the recommendation set out in the recommendations paragraph above.

Option 2 – The Leadership Board do not accept the recommendations set out in the recommendations paragraph above.

Option 1 is the recommended option for the reasons set out in paragraph 3.1.

Leadership Board

5. Next Steps and Timetable for Implementation

- 5.1 If the Leadership Board agree to the proposed changes to the Constitution then those changes will be incorporated.

6. Potential Impact on Objectives

- 6.1 Agreement to the proposed changes to the Constitution will ensure that NECA continues to operate with appropriate systems of internal control.

7. Financial and Other Resources Implications

- 7.1 There are no financial implications arising from this report.

8. Legal Implications

- 8.1 NECA must operate in accordance with the law and its Constitution. There are no specific legal implications in relation to this report.

9. Key Risks

- 9.1 There are no key risks in implementing the proposed changes to the Constitution. If the proposed changes in relation to the Anti-Fraud and Corruption Policy and Whistleblowing Policy are not accepted this will be drawn to the attention of the Governance Committee and the Internal and External Auditors.

10. Equality and Diversity

- 10.1 There are no equality or diversity issues in relation to this decision to agree the proposed changes to the Constitution.

11. Crime and Disorder

- 11.1 The Anti-Corruption and Fraud Policy adopted by NECA and the proposed changes to that Policy addresses the need for Members and Officers of NECA to act in such a way that any suspected corruption or fraud will be dealt with appropriately and referred to the Police where necessary.

12. Consultation/Engagement

- 12.1 The proposed changes to the Anti-Fraud and corruption Policy and Whistleblowing Policy emerged from consideration of the original policies by the Governance Committee and have also been considered by the Authority's External Auditors, Mazars. Briefings have also taken place with the Leaders and Elected Mayor and senior officers.

Leadership Board

13. Other Impact of the Proposals

13.1 This report has no implications for the NECA other than those identified in the report.

14. Appendices

14.1 Appendix 1 – Proposed changes to NECA’s Anti-Fraud and Corruption Policy.

15. Background Papers

15.1 NECA’s Constitution

16. Contact Officers

16.1 Vivienne Geary,
Monitoring Officer: E-mail viv.geary@northtyneside.gov.uk
Tel: 0191 6435354

17. Sign off

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

Anti-Fraud and Corruption Policy

1. The Combined Authority's Commitment

The Combined Authority is committed to sound corporate governance and supports the Seven Principles of Public Life for the conduct of its Members and Officers, namely:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty; and
- Leadership.

Fraud and corruption cheats the local taxpayers who have the right to expect Members and Officers to perform their functions in an honest and proper manner.

The Combined Authority seeks in the first instance to prevent fraud and corruption and will take all action necessary to identify any occurrences if suspected. If any such instances are detected they will be investigated in a correct and agreed manner. The Combined Authority pledges to pursue the recovery of losses and the suitable punishment of those responsible.

2. Prevention

Prevention will be achieved through:

- staffing policies
- making members aware of their responsibilities
- internal control systems and
- liaison with outside agencies

2.1. Officers

As a public employer, the Combined Authority is obliged to maintain, and is entitled to expect, high standards of conduct among its officers to ensure that public confidence in their integrity and impartiality is not undermined. The public is entitled to demand conduct of the highest standard and that Officers work honestly and without bias in order to achieve the Authority's objectives.

The Combined Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at recruitment stage to establish, as far as possible, the propriety and integrity of potential staff. In this regard temporary and contract staff are treated in the same manner as permanent officers.

Managers should ensure that procedures laid down by the Authority's Personnel Officer in the Recruitment and Selection Guidelines and Code of Practice are followed and, in particular, that written references are obtained before employment offers are confirmed.

Officers are expected to follow the Authority's Code of Conduct which includes regulations regarding the registration of interests, gifts and hospitality. Officers are reminded that they must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Combined Authority, or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.

The Combined Authority recognises that the continuing success of its anti-fraud and corruption strategy and its general credibility will depend largely on the effectiveness of its training programmes and the responsiveness of Officers throughout the organisation. To facilitate this, the Authority supports the concept of induction and continuing training and Officer appraisal, particularly for Officers involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The Authority has in place a Disciplinary Procedure for all Officers and the possibility of disciplinary action against Officers who ignore such training and guidance is clear.

2.2. Members

Members are expected to operate honestly and without bias. Their conduct is governed by:

- The Code of Conduct for Members
- The Constitution

These matters include rules on the declaration and registration of potential areas of conflict between Members' duties and responsibilities on behalf of the Combined Authority, and any other areas of their personal or professional lives. These will be regularly drawn to the attention of Members.

2.3. Internal Control System

The internal control system comprises the whole network of financial, operational and managerial systems established within the Constituent Authorities to ensure that objectives of the Combined Authority are achieved in the most economical and efficient manner.

The Financial Regulations of the Combined Authority (see Part 5) provide the framework for financial control. Under Financial Regulations Managers are required to ensure that:

- Arrangements, guidelines and procedures for the proper administration of the financial affairs of the Combined Authority are operated in accordance with Financial Regulations;

The Chief Finance Officer is informed where there has been a failure to comply with Financial Regulations or where amendment or revision of a regulation is considered necessary; and

The Chief Finance Officer is informed as soon as possible of any matters involving, or suspected of involving, irregularity in the use of the Combined Authority resources or assets.

The **Internal** Audit service of the Constituent Authority identified by the Head of Paid Service for this purpose independently monitors the existence, appropriateness and effectiveness of internal controls.

2.4. Liaison

Arrangements are in place now and will continue to develop which encourage the exchange of information between the Combined Authority and other agencies on national and local fraud and corruption activity.

The Authority acknowledges that in order to prevent fraudsters using multiple identities and addresses, it cannot afford to work in isolation and must liaise with other organisations. To this end the Authority has a number of external contacts that include:

- Northumbria **and Durham** Police
- District Treasurers
- Universities and Colleges
- UK Border Agency
- DWP
- Jobcentre Plus
- Federation Against Software Theft (F.A.S.T.)

All liaisons are subject to adherence to Data Protection Legislation and regard to the confidentiality of information.

2.5. Partners

Arrangements are in place within partner organisations **such as** Nexus and TT2 to identify, investigate and appropriately report incidents of fraud and corruption which may occur within those organisations. **Where fraud is identified which has resulted from a significant weakness in controls in the organisation and this would impact on the assurance the Combined Authority could place on governance arrangements, this will be reported to the Chief Finance Officer. The Chief Finance Officer will subsequently report details of the incident and any potential impacts for the Combined Authority to the Governance Committee.**

2.6. Strategy

The Audit and Strategic Risk service of the Constituent Authority identified by the Head of Paid Service for this purpose will implement the policy on the Combined Authority's behalf.

3. Detection and Investigation

Where fraud and corruption still happen, systems should assist in revealing the occurrences and people should be encouraged to do likewise. They must then be investigated in a fair and impartial manner.

3.1. Detection

The array of preventative systems, particularly internal control systems and audit, within the Authority generally should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.

The Combined Authority's officers are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on any issues associated with the Authority's activities. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. If necessary, a route other than a line manager may be used to raise such concerns.

Examples of possible routes are:

- **Internal** Audit Service
- Chief Finance Officer
- Monitoring Officer

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Combined Authority's complaints procedure. If Officers feel unable to raise their concerns through any of the internal routes, then they may wish to raise them through Public Concern at Work (telephone 020 7404 6609), a registered charity whose services are free and strictly confidential. See also Part 6.5 Whistleblowing Policy.

The Code of Conduct requires Officers of the Combined Authority to report any illegality or impropriety to their manager or supervisor. Financial Regulations require the Chief Finance Officer to investigate matters that involve, or may involve, financial irregularity.

3.2. Investigation

Depending on the nature and the anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies, such as the police, to ensure that all allegations are properly investigated and reported upon and where appropriate, maximum recoveries are made for the Authority. The follow up of any allegation of fraud and corruption received will be through agreed procedures which ensure that:

- matters are dealt with promptly;
- all evidence is recorded;
- evidence is sound and adequately supported;
- all evidence is held securely;
- where appropriate, the police and the Authority's Insurance Officer are notified;
- the Authority's Disciplinary Procedures are implemented; and
- the rules of natural justice are incorporated.

The procedures and reporting lines are an integral part of the Combined Authority's anti-fraud culture that ensures:

- consistent treatment of information about fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the proper implementation of a fraud investigation plan;
- restitution or compensation; and
- the optimum protection of the Authority's interests.

Where financial impropriety is discovered, referral to the police is a matter for the Chief Finance Officer, in consultation with the relevant officers of the Authority **and the Chair of NECA**.

In deciding whether to recommend referral the following factors are taken into account:

- the amount of the loss and duration of the offence;
- the suspect's physical and mental condition;
- voluntary disclosure and arrangement for restitution;
- the strength of the evidence; and
- **reputational damage.**

The Combined Authority's Disciplinary Procedures will be used as appropriate irrespective of police involvement.

There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations may be dealt with as a disciplinary matter and may leave the complainant open to an action for defamation. The External Auditor also has powers to investigate independently fraud and corruption and the Combined Authority can make use of these services.

4. Summary

The Authority has a clear commitment to minimising the possibility of corruption and theft or other misuse of public money and assets. It pledges to prevent fraud and corruption but to take all action necessary to identify fraud and corruption if suspected, and pursue the recovery of losses and the punishment of those responsible.

The Authority's Officers and Members are expected to have the highest standards of conduct and to be vigilant in combating fraud and corruption in all its guises.

The Authority has implemented a clear network of systems and procedures to assist in the fight against fraud and corruption. These arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

Whistleblowing Policy and Procedure

1. Introduction

The NECA is committed to the highest possible standards of openness, probity and accountability and will not tolerate malpractice or wrongdoing.

The NECA is therefore committed to a policy for confidential reporting of concerns, “whistleblowing”, which seeks to protect individuals who make certain disclosures with regard to any instance of malpractice or wrongdoing and to investigate them in the public interest.

Whistleblowing is when a member of staff raises concerns about the activities of the organisation they work for which are ethically or legally questionable.

The aims of the policy are to:

- Provide for a culture of zero tolerance toward fraud and corruption.
- Encourage officers and others with serious concerns about any aspect of the NECA’s work to feel confident to come forward and voice those concerns.
- Provide ways for officers to raise concerns at an early stage and in the right way and enable them to get feedback on any action taken.
- Ensure that officers know what to do if they are not satisfied with actions taken.
- Provide re-assurance that officers who raise concerns in good faith can do so without fear of reprisals or victimisation.

This policy covers any wrongdoing relating to unlawful conduct, financial malpractice or dangerous working environments.

It is available for use by all Officers of the NECA and Officers of Constituent Authorities providing services to the NECA, its committees, sub-committees and joint committees. It is not to be used where other more appropriate procedures are available. There are existing procedures which enable officers to lodge a grievance relating to their conditions of employment, raise matters of harassment or to make a complaint. This policy covers concerns that fall outside the scope of these existing procedures.

The NECA will seek to ensure that its stance on whistleblowing is widely publicised and that officers have access to appropriate guidance.

2. Whistleblowing Procedures for Officers

Officers are often the first to realise that there may be something seriously wrong within an authority. Normally Officers would be expected to raise any concerns initially with their line manager. However they may feel that expressing their concerns would be disloyal to their colleagues or to the NECA or may also fear harassment or victimisation. It may be easier to ignore these concerns than report what may just be a suspicion of malpractice.

Whistleblowing is the process for raising a concern about suspected wrongdoing, especially in circumstances where the whistleblower feels forced to raise that concern

outside the normal management reporting line. For instance, the whistleblower may be concerned about the actions of their own line management, or about the failure of their line management to act over suspected wrongdoing on the part of others.

The Whistleblowing policy encourages and enables officers and others with serious concerns about any aspect of the NECA's work or those engaged in work for the NECA to come forward and voice those concerns. It recognises that most cases will need to proceed on a confidential basis. At the same time, the provisions of the Public Interest Disclosure Act 1998 (PIDA) provide protection from harassment and victimisation for officers who raise concerns in good faith.

3. Aims and scope of this Policy

This policy aims to:

- Make you feel confident to raise concerns and to question and act upon concerns about practice.
- Give you avenues to raise your concerns and receive feedback on any action taken.
- Guarantees that you receive a response to your concerns and ensures that you are aware of the process to follow if you are not satisfied.
- Reassure you that you will be protected from possible reprisals or victimisation.

There are existing procedures in place if you have a grievance relating to your own employment or consider that you are being harassed due to your race or sex or age, or if you are concerned about health and safety risks, including risks to the public as well as to other Officers. Indeed you are under a legal obligation to report to your supervisor or manager any work situation which you consider to represent:

- a danger to the health and safety of yourself, fellow Officers or members of the public; or
- a shortcoming in the Authority's arrangements for health and safety.

If you are reluctant to raise such health and safety concerns with your supervisor or manager, or if you have raised them and are concerned about the response, then arrangements exist for you to raise the health and safety concerns with the Head of Paid Service and/or with Health and Safety Representatives from the relevant trade union.

This policy is intended to cover concerns that fall outside the scope of other procedures.

These include:

- conduct which is an offence or a breach of law;
- disclosures related to miscarriages of justice;
- health and safety risks, including risks to the public as well as other Officers;
- damage to the environment;
- the unauthorised use of public funds;
- fraud and corruption; sexual or physical abuse of clients; any attempt to prevent disclosure of any of the above, or
- other conduct which gives you cause for concern.

Thus any serious concerns that you have about any aspect of service provision or the conduct of your staff or members of the Combined Authority or others acting on behalf of the Combined Authority can be reported under this policy. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Combined Authority subscribes to; or
- is against the Combined Authority's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

This policy supplements and does not replace the corporate complaints procedure, or the grievance procedure and other procedures established to deal with aspects of harassment i.e. sexual, racial and age harassment, and with health and safety concerns.

4. Harassment or Victimisation

The Combined Authority is committed to good practice and high standards and aims to be supportive of its Officers.

The Combined Authority recognises that the decision to report a concern can be a difficult one to make. However uncovering malpractice will be doing a service to the Authority. You will be doing your duty to your employer and those for whom you are providing a service.

The Combined Authority will fulfil its responsibility to ensure that you are NOT harassed, victimised or otherwise disadvantaged when you raise a concern. Any allegation concerning an Officer who engages in any form of victimisation or harassment against you as a result of your raising a concern will be the subject of a thorough investigation and disciplinary action will be taken if the case is proved.

Allegations by an Officer who is the subject of disciplinary investigations or proceedings concerning the conduct of those proceedings can only be raised through the disciplinary appeals procedures.

5. Confidentiality

All concerns will be treated in confidence wherever possible and every effort will be made to preserve your anonymity if you so wish. You may need however to come forward as a witness, but if you wish to be supported by **your trade union or another** representative of your choice then this would be available to you.

6. Anonymous allegations

This policy encourages you to put your name to your allegation whenever possible. Concerns expressed anonymously are much less powerful but they will be considered so far as is possible or practicable by the Combined Authority. **Your trade union can act for you in this.**

7. Untrue allegations

If you make an allegation in good faith, but it is not confirmed by the investigation, no

action will be taken against you. If however, you make an allegation maliciously or for personal gain, disciplinary action may be taken against you.

8. How to raise a concern

If you are an officer of the Combined Authority, as a first step, you should raise concerns with your immediate manager or their manager. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice, for example if you believe that your immediate manager or their managers are involved, you should approach the Monitoring Officer.

The manager receiving notification of concerns under this policy will inform the Monitoring Officer that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the manager receiving the report must immediately notify the Chief Finance Officer. Concerns may be raised verbally or in writing. Reports should be sent to your immediate manager or their superior or to the appropriate Chief Officer and a copy sent to the Monitoring Officer.

If you are a contractor, as a first step, you should normally raise concerns with your manager, who will then inform the lead officer who is dealing with the particular contract. If you do not have a manager, you should raise your concerns direct with the lead officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that your manager or the lead officer is involved, you should approach the Monitoring Officer direct. Otherwise, the lead officer receiving notification of concerns under this Policy will inform the Monitoring Officer that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead officer receiving the report will also immediately notify the Chief Finance Officer.

Concerns may be raised verbally or in writing. A copy of any report you send to your manager or lead officer should also be sent to the Monitoring Officer for monitoring purposes.

The Monitoring Officer is responsible for the maintenance and operation of this policy and will monitor how the complaint is handled and ensure that the requirements of this policy are fulfilled.

The earlier you express the concern the easier it will be to take action. Officers and Contractors can get confidential, independent advice from the charity Public Concern at Work on 0207 404 6609. Their website is at www.pcaw.co.uk You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

You can invite your trade union or professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

Concerns can also be raised through your trade union.

9. How the Combined Authority will respond

The Authority will respond to your concerns, and it will be necessary to investigate your concerns but this is not the same as either accepting or rejecting them.

Within **3 working days** of a concern being raised, you will be sent a written response:

- acknowledging that the concern has been received;
- indicating how it is proposed to deal with this matter;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any enquiries have been made; and
- supply you with information on staff support mechanisms.

The Monitoring Officer will be sent a copy of this response.

Where appropriate, matters raised may:

- Be investigated by management, internal audit, or through the disciplinary process.
- Be referred to the police or other statutory agencies.
- Be referred to the external auditor.

In order to protect individuals and those about whom concerns are raised, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

The amount of contact between the individual considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the investigating officers, will seek further information from you.

Where any meeting is arranged, and this can be off-site if you so wish, you can be accompanied by a trade union or professional association representative or a friend. The Combined Authority will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Combined Authority will arrange for you to receive advice about the procedure.

The Combined Authority accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the NECA

outcomes of any investigation.

10. The Responsible Officer

The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and may report as necessary to the Leadership Board, but in such a way that your confidentiality will be preserved.

It is the responsibility of any manager/director who receives a whistleblowing report to provide the Monitoring Officer with:

- a copy of the original report immediately;
- the initial written response to the person raising the concern; and
- any further responses.

The Monitoring Officer as soon as possible must also be informed of the outcome(s) of any investigation and any actions instigated as a result.

11. How the matter can be taken further

This policy is intended to provide Officers and Contractors with an avenue within the Combined Authority to raise concerns and hopes any whistleblower would be satisfied with any action taken. If you are not satisfied with the outcome of the confidential report, a request in writing for the investigation and outcome to be reviewed can be made to the Head of Paid Service. If you remain dissatisfied and want to take the matter outside of the Combined Authority, advice is available from trade unions and local Citizens Advice Bureau on the options that are available.

One possibility is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Combined Authority who can be contacted in certain circumstances (see The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2015 www.legislation.hms.gov.uk). You should seek advice on the effect of the Act from the persons referred to above.

If you do take the matter outside of the Combined Authority, you should ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Combined Authority (e.g. service users) or where you would commit an offence by making disclosure.

In order to ensure that you do not make any such disclosures it is advisable to check the position with the Monitoring Officer.

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Leadership Board

Date: 20 June 2017

Subject: Economic Development and Regeneration Theme Update

Report of: Economic Development and Regeneration Thematic Lead

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 Leadership Board is recommended to note this report for information.

Leadership 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:
- Inward Investment
 - Strategic Economic Plan Update
 - North East Response to Industrial Strategy
 - Enterprise Zone Update
- 1.2 The Leadership Board is recommended to receive the update for information.

2. Inward Investment

2.1 Inward Investment 2016/17 Full Year Successes

In the financial year 2016/17, in total there were 84 inward investments into the NECA area which will lead to the creation of 6,126 jobs. This contrasts with 2015/16 of 107 inward investments leading to 3,368 jobs. The North East has seen a number of very large job-creating investments this year in comparison to more, smaller investments last year.

Some of the key successes included:

a) Foreign Direct Investment

There were 64 investments leading to the creation of 4,257 new jobs, and many thousands safeguarded (these safeguarded being mainly from Nissan as a result of the Qashqai and X-Trail announcement). Investors included:

- Teleperformance (Call centre outsourcer)
- Accenture (Software ICT)
- Janus international (Manufacturing)
- Unipress (Automotive)
- Sitel (Outsourcing)
- Convergys (Outsourcing)
- Nissan (Automotive)
- Faurecia (Automotive)
- Smulders Projects (Energy)
- Accord Healthcare (Life Sciences)
- JDR Cables (Energy)
- GHD (consultancy)
- Metec CP Ltd(Advanced Manufacturing)

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b) Investments by UK-owned Companies from Outside of the Region

There were 20 investments leading to the creation of 1,869 jobs. Companies announcing investments included:

- ResQ (Contact Centre)
- Estover Energy (Energy)
- Fermeda (Life Sciences)
- Amicus ITS (IT Support)
- Lhasa (Digital)
- Vardags (FPBS)
- Aptus Utilities (Energy)

2016/17 Successes by sector

Sector	FDI	UK Owned from Outside Region	Totals	Total Jobs created (three years)
Software/ICT (incl. gaming)	8	5	13	895
Financial & Professional Business Services (FPBS)	11	10	21	3250
Energy	8	2	10	722
Life Sciences	3	1	4	166
Automotive	10	0	10	838
Other Advanced Manufacturing	24	2	26	255
Total	64	20	84	6126

2.2 Enquiries

Enquiry levels have been more encouraging from the beginning of the new year with enquiries coming through to the Invest North East England (INEE) team through the new website, key local partners and by an increasing number of Department for International Trade (DIT) leads. This comes on the back of a very quiet period spanning a number of months, due in part to the effect of Brexit. Recent figures provided by DIT show that this pattern of new enquiries dipping dramatically last year matched the national picture.

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. Recent visits to the region hosted

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by INEE have included companies engaged in digital media, life sciences, agritech, financial and professional business services, and manufacturing.

2.3 Invest North East England Website/proactive work

One way in which the INEE team is planning to increase the size and quality of its investment enquiry pipeline is by becoming a proactive service, actively generating new investment enquiries. A key element of this new approach was the launch of the new INEE website in October 2016. To complement the website launch, an associated social media campaign is taking place, aimed at generating enquiries from key sectors.

The web site has been recently enhanced with an improved regional land and property database and a new regional 'Soft Landing' package incorporating professional services, business networks and accommodation partners.

To back up the website, a number of promotional brochures are being produced to provide printed and electronic copies for investors/events etc., as well as regular newsletters and blogs, and a series of press releases and targeted press coverage.

The INEE team recently appointed OCO Global as a lead generation contractor. The contract commenced on 27 February 2017 for an initial period of six months with a possible extension of a further year. The contractor will provide in-market representation for Invest North East England in London and the South East. The focus of the contract is twofold:

- Actively generate new leads for the NE, with a particular focus on software/digital, and financial, professional and business services.
- Work with key London-based intermediaries (e.g. property agents, solicitors, accountants, Venture Capitalists etc.) to ensure they understand the NE offer to companies so they will consider the area for current and future client requirements.

The team has visited London to meet some key early contacts generated by OCO and two further trips are scheduled to take place in June.

2.4 Events

The INEE team have attended/are investigating attending a number of events in 2017 which align with some of the key priority sectors which are being targeted for investment. These include:

Shared Services and Outsourcing Week – Manchester May 16th-18th

INEE teamed up with DIT Northern Powerhouse and five other LEP areas in the NPH area to share a joint stand at this important event aimed at the shared

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services and business process outsourcing sector. The event proved to be disappointing from a lead generation perspective although a number of contacts made at the event are being followed up.

MIPIM London 2017

After a successful event in 2016, Invest North East England are considering showcasing key investment opportunities and sites in the NECA area at the 2017 MIPIM London event at Olympia on 18th and 19th October. As in previous years, the team would represent the region with support from individual local authorities and private sector sponsors.

TIGA Awards, November 2017

INEE propose to sponsor this key games industry awards in London to raise the profile of the digital gaming sector in the NE. It is anticipated that a separate event will be arranged in association with TIGA around the actual awards ceremony showcasing the sector and opportunities in the region.

Offshore Wind Week, November 2017

For the past two years in November, the offshore wind industry has come together to create Offshore Wind Week to promote the capabilities of the UK offshore wind supply chain and present the UK as an attractive inward investment proposition. Working with NOF Energy, INEE and Tees Valley Unlimited propose to sponsor a three day series of events in the North East of England. The primary objective is to get a number of inward investors to visit the region, meet key players in the sector and to visit the sites and support assets (e.g. the Offshore Renewable Energy Catapult in Blyth).

2.5 Northern Powerhouse

INEE continues to work closely with the DIT Northern Powerhouse team. There are now sector specialists in place covering:

- Life Sciences;
- Advanced Manufacturing;
- Digital and Creative;
- Financial, Professional and Business Services; and,
- Energy

These specialists provide coverage on all INEE's key sector priorities. INEE has arranged for each sector specialist to visit the region regularly to ensure that they understand properly the North East's offer and opportunities for foreign owned companies. The team is also feeding information into the Northern Powerhouse proposition documents that are being prepared.

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The INEE also hosts regular visits by DIT overseas staff and Investment Service Team HQ staff to ensure they are aware of the North East's offer.

3. Strategic Economic Plan Update

- 3.1 The North East Local Enterprise Partnership has worked with the local authorities, the business community and partners across the region to refresh the Strategic Economic Plan (SEP) for 2017, to better reflect a changing business and political landscape dominated by Brexit and the challenges of globalisation.

Business and political leaders backed the updated plan at a meeting on 10 March, learning about the progress of the regional economy since the original SEP was published in 2014, and the goals of the new document.

The headlines for the refreshed SEP are:

- The North East is ahead of schedule to reach its 100,000 more and better jobs target before 2024 – over 53,000 jobs created since 2014, with 63% of these classed as higher skilled jobs.
- The Plan is stretching the original target to have 70% of new jobs created over the next seven years in more skilled posts.
- Digital technology, advanced manufacturing, healthcare innovation, energy, service sector and quality business space are identified as underpinning a surge in new regional employment and productivity.
- Job growth added at a rate of 6.6% over the past two years eclipsing the national rate of 5.4% in England.
- The North East is a £37bn economy, employing 865,000 people.
- Delivering higher regional productivity is essential as the gap widens with national performance, while economic exclusion remains a persistent concern in some parts of the region.

The focus now is on the delivery of the two key targets of the SEP; to add 100,000 more jobs to the North East economy by 2024 and ensure that 70% of the jobs growth is in better jobs.

<http://www.nelep.co.uk/whatwedo/refreshing-the-strategic-economic-plan/>

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4. Industrial Strategy

4.1 The Government's consultation on its green paper, 'Building our Industrial Strategy' ran from January 23rd to April 17th 2017. Built around 10 proposed pillars, the document aims to identify where proactive Government intervention can:

- Build on UK economic strengths and extend excellence into the future in order to secure investment and develop markets for UK goods and services.
- Close identified performance gaps between sectors, companies and areas.
- Ensure that the UK is the most competitive place to start and build a business.

A North East response to the paper was collated by the North East LEP; drawing from the views of North East partners and in pursuit of the aims set out in the Strategic Economic Plan.

The North East response can be found on the NELEP website here:
<http://www.nelep.co.uk/building-industrial-strategy/>

5. Enterprise Zone Update

5.1 Background

The purpose of this update is to provide an overview of the current position of the Enterprise Zone sites in the North East. This includes information about both the Round 1 sites (operational since April 2013) and Round 2 sites, most of which became operational on 1 April 2017, with the IAMP site now due to become operational on 1 April 2018.

Under current policy arrangements, Enterprise Zone sites have been active in the North East since April 2013 with ten sites across three locations having been launched to support low carbon vehicles, offshore and marine technologies and energy. The second round of sites include a further eleven locations across the North East.

Enterprise Zone sites bring one of two financial benefits to individual businesses with either Business Rate Relief or Enhanced Capital Allowances. Local areas through the Local Enterprise Partnership (LEP) also retain the full value of the increase in Business Rates from the established baseline for 25 years from the operational commencement 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 the sites, following recommendation by the Investment Panel and approval by the LEP Board.

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5.2 Round 1 Progress 2016/7

- Business Rate income for the year is £1.695m, which is higher than last year and the estimate in January, but less than the forecast previously made in the 2014 update of the Financial Model;
- Financing costs are £1.306m, which is higher than the estimate in January as the improved income enabled an earlier repayment of money to the North East Investment Fund. The financing costs however remain significantly lower than the forecast made in the 2014 Model;
- Other revenue costs and interest earned on the cash balances amounted to £0.116m, which is in line with the January estimate, and less than the projection in the 2014 Model;
- The annual surplus is £0.273m and the cumulative surplus is £2.602m, which is higher than the £1.727m projection in the 2014 Model. This is because the saving in costs is more than the reduction in income to date;
- Capital expenditure in the year on the Enterprise Zones was £1.306m, funded by the use temporary use of Local Growth Fund (LGF) grant; to be repaid and financed from business rate income in future years. In addition, £8.97m of capital expenditure on the sites has been funded from permanent use of LGF grant; and
- No external borrowing has been undertaken to date, which has kept the financing costs down.

The round one programme is now expected to require £64.5m of investment and is estimated to generate business rate growth of £139m over the life of the Enterprise Zone. If this level of income was generated it should produce an estimated net cash surplus of £65m.

The Round 1 sites have continued to develop over the last year bringing in 15 new businesses to the Enterprise Zones sites and supporting 408 new full time equivalent jobs. This does not include construction jobs. In addition to the new growth achieved during the year, proposals have been initiated on a number of sites to stimulate the next phase of development. This momentum needs to be maintained and accelerated to ensure income targets set out above are realised.

5.3 Round 2 sites

Ten of the eleven Round 2 locations became live on 1 April 2017. The LEP confirmed with Government the boundaries and baselines for each site having developed the final submission with local authority and other partners. The Memorandum of Understanding was submitted covering all Round 2 sites. A request to commence the IAMP site in April 2018 was agreed by the Government. This will give time to confirm the red line boundary of the site after the proposals are refined to take account of the progress with land acquisition and the consultation work being undertaken as part of the Development Consent Order process.

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The application for Commercial Support funding of £27.5k was approved by Government and Cushman and Wakefield have been appointed to help evaluate and validate some of the key financial information, such as business rate income projections, which will enable the financial model for both rounds to be updated.

Cushman and Wakefield, LEP and NECA officers have been in discussions with officers from each Local Authority about the detailed financial projections and the underlying assumptions for their sites. The work to assess and validate the assumptions is currently underway and the initial feedback from Cushman and Wakefield is being considered in detail so that the financial projections can be finalised. The update estimates will be reported to a future meeting of the LEP Board and the Leadership Board.

During these discussions it became clear that the estimates for two of the sites could not be completed at this point in time. Indicative figures have been set out for the IAMP site, but the Baseline Income projection will only be finalised when the proposed development plans within the final red line boundary of the site can be evaluated. Newcastle Airport advised that they are reviewing their development profile following a recent unsuccessful exercise to procure a developer for the site. The projections for this site will need to be revised and should be reported later in the year.

The latest estimate of capital investment on the sites is £86m. A block programme of £2m to fund advance works has been approved previously by the Board and the full approval of the capital investment on each site will be made once detailed business cases have been submitted and assessed and recommendation for approval are made to the LEP Board.

The Round 2 sites are expected to produce a higher level of income and surplus than the Round 1 sites. However the estimate of income and the surplus are depending on the successful development of the sites and a performance reward incentive arrangement is proposed to help maximise the development of the sites and the surplus that they would generate.

An additional application for a further £150,000 commercial support, to be matched against expected development expenditure has been submitted to Government to commission additional support. This is intended to accelerate the development of the sites in response to legal and land ownership issues raised by colleagues in the local authorities responsible for delivering the sites and would be procured in consultation with relevant partners should the application be successful. If successful, the amount of additional grant that is approved will be included in the Enterprise Zone budget to enable this work to be carried out.

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5.4 Next steps to support and accelerate delivery

As part of the current commercial support project the drafting and approval of a more detailed overarching legal agreement between the North East LEP and the local authorities in the NECA area is being taken forward. This will set out relevant responsibilities and the operation of the Enterprise Zone (EZ) account, including cash flow management, funding arrangements, arrangements for management and mitigating the risks related to any borrowing that is undertaken to fund capital investment on the sites and for the use of any surplus on the EZ account.

This overarching agreement is intended to cover the whole life of the Enterprise Zone sites. It should help expedite the completion of the separate funding agreements that will be entered into with each Local Authority, following the appraisal and approval of the detailed business cases for investment on each site.

Discussions about the detailed operation of the key principles of the Enterprise Zone funding arrangements have taken place with the local authorities. These build upon the principles previously agreed for Round 1. In particular, they include:

1. Arrangements for minimising capital financing costs, making use of grant income where possible, and seeking to minimize interest costs;
2. The borrowing arrangements for funding capital investment on each site, where these are necessary, and how borrowing costs will be funded from the Business Rate Income;
3. How the current Round 1 income pooling arrangement will apply across both Enterprise Zone rounds; and
4. How the development of the sites and the growth in business rate income can be incentivised in order to maximise the outcomes; such as jobs and developed area; income; and the surplus available to be reinvested across the LEP area.

At the May North East LEP Board meeting, an approach to incentivising delivery was broadly agreed providing an incentive for very good and excellent delivery performance in order to maximise the level of income and surplus delivered from Enterprise Zone sites. This would involve a relatively small part of the overall 'surplus' to be 'earmarked' to be spent in the Local Authority area on significant economic projects (that are in line with guidance to be issued by the LEP) that help with the achievement of the SEP objectives. This performance reward incentive is considered to be an important element to help maximise the delivery of the Enterprise Zone outcomes and the potential surplus to be allocated by the LEP for the benefit of the LEP area in future years. A refined version of this will be developed for full agreement by the LEP Board in consultation with partners.

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6. Potential Impact on Objectives

- 6.1 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.

7. Financial and Other Resources Implications

- 7.1 Financial implications of Enterprise Zone activity is set out within section 5 of this report.

8. Legal Implications

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

9. Key Risks

- 9.1 The financial risk to NECA as the accountable body for Enterprise Zone activity is limited, however it should be highlighted that risks do exist if the sites are not developed out and occupied which could have an impact on the final amount of retained Business Rates income. Local authorities will bear the borrowing risk against the forecasted retained Business Rates income for each site.

Financial modelling has been carried out to identify the point at which a deficit would exist; this scenario is considered to be unlikely.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 There are no issues arising from this report for consultation.

13. Other Impact of the Proposals

- 13.1 There will be no other impacts arising from this report.

14. Contact Officers

- 14.1 John Scott, Corporate Lead Officer – Business, Employment and Skills
Tel: (0191) 424 6250 Email: john.scott@southtyneside.gov.uk

Leadership Board

17. Sign off

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



Leadership Board

Date: 20 June 2017

Subject: Employability and Inclusion Update

Report of: Thematic Lead for Employment and Inclusion

Executive Summary

The purpose of this report is to provide an update as to the latest 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 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 (LMI)

- 1.2 Labour Market Intelligence (LMI) for the North East continues to be developed. Discussions about future developments are taking place with the North East LEP and a number of digital partners who are designing some innovative tools to present data and information to various audiences.
- 1.3 The work to produce a number of Careers Videos to promote our key priority sectors has been completed. A new schools resources toolkit, 'North East Ambition' was launched in February 2017. Its purpose is to help teachers communicate the many exciting careers available in the North East, and the paths young people can take to get them.
- 1.4 The toolkit includes four videos, all showcasing young people and the jobs and training they're participating in, in our region. There has been some excellent feedback from schools on the videos and toolkits so far, including:
- "The videos are fresh - they don't look old and stuffy. They are current and importantly they use young people who students can identify with"
 - "In contrast to the commonly held view that the north east is an area of dying industry and limited opportunity, the video portrays the region as a thriving and vibrant place to live and work"
 - "In some cases the powerpoints were seen as more useful for staff as they enabled teachers to understand more about the labour market in order to be able to teach it."
- 1.5 Each of the four videos is accompanied by a teachers toolkit, including powerpoint presentations and lesson plans. Anyone can sign up to receive the resources from the North East LEP website.
- 1.6 Work is ongoing to support various initiatives with their LMI needs including the Good Career Guidance Benchmarks, development of Devolution proposals and support to ensure that ESF proposals meet our strategic priorities.

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DWP European Social Fund Opt-In for the North East

- 1.7 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.
- 1.8 The successful contractor, Working Links, has been delivering the programme since early January through a mix of direct delivery (46% of the contract) and local supply chain partners (54% - as named in the previous report). The programme is delivering physical and mental health support from in-house health professionals and referring to existing commissioned health and wellbeing services. Effectiveness of integration and impacts on health services will be monitored.
- 1.9 Local authority representatives, through the NECA EIS employment support group, are in regular contact with Working Links to facilitate a joined-up approach with other services in respective LA areas. A good relationship with the provider has been established and allows for open discussion of performance issues.
- 1.10 The programme is still at a relatively early stage of delivery (the first referrals began in January). There were initial time delays due to DWP processes but Working Links have advised that performance is improving and moving towards achieving profile. Performance by mid-May shows:
- 210 participants are being supported by the programme
 - 12 people to date have moved into work.
- 1.11 Participants are typically long-term unemployed and displaying a range of barriers to work, including health conditions. More detailed performance data provided by the contractor, with breakdown by local authority area, will be included in future reports to leadership board.

North East Mental Health Trailblazer

- 1.12 The North East Mental Health Trailblazer is piloting integration of employment and mental health services, with employment coaches working in Increasing Access to Psychological Therapies (IAPT) teams in coordination with clinical staff. The programme began to take referrals in mid-January, and aims to support 1,500 unemployed people with mental health conditions by the end of 2018.
- 1.13 Referral volumes from Job centres continue to demonstrate a high level of demand for the service. Performance to end of May shows 430 referrals

Leadership Board

from Job centres. 99 people are currently being supported, and 13 participants have moved into work. Almost half the total referrals are from County Durham, but other areas are starting to show improved performance.

- 1.14 Latest data show 46,150 Employment Support Claimants with mental health conditions in the NECA area (Nov 2016). The overall trend in the last two years is upward. Significantly, the majority of referrals to the Trailblazer to date are from groups of other claimants (Jobseekers Allowance and Universal Credit), indicating a high level of undiagnosed conditions and people with mental health support needs in mainstream programmes. A test of the Trailblazer will be the extent to which it is reaching unemployed people who would not otherwise be referred to mental health support services.
- 1.15 The trial has a focus on integration with IAPT services and, along with Jobcentre Plus referrals, the project has established a pathway for existing IAPT participants to enter the trial. However, it is becoming clear that other mental health services (such as the Early Intervention in Psychosis service and community mental health teams) have an interest in working with it. Opportunities for expansion, in the current trial lifetime and as a legacy, are being explored with services. The full intention is that the Trailblazer has a significant and lasting effect on services beyond the scope of the trial.
- 1.16 The Trailblazer is working with other initiatives, particularly Generation North East / Durham Works and Working Links, to ensure alignment and raise awareness of IAPT referral routes from other programmes. A multi-agency steering group including CCG, DWP, NHS and local authority representatives began quarterly meetings in early April, with representatives from DCLG in attendance. National steering group teleconferences, including the Trailblazers in West London and Blackpool, are being run by DCLG. A key focus of meetings will be opportunities for expansion and legacy.

Generation NE

- 1.17 Generation NE has been operational since July 2014 and the programme has supported 3520 young people, of which 1600 have moved into employment to date; 914 of those gaining employment have now sustained employment for 6 months or more.
- 1.18 Delivery of Generation NE has now extended to cover the full NECA geography and the service is being received positively by Jobcentre Plus in Sunderland and South Tyneside with over 423 young people referred to date.

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- 1.19 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 nontraditional ways. Digital services for Generation NE participants currently being tested include mock interviews via Skype and support to create CV's and complete application forms given by an advisor remotely through Google Docs.
- 1.20 Application for any suitable future calls for projects under the European Social Fund will be considered as a means to extend the Generation NE programme.

Durham Youth Employment Initiative (DurhamWorks)

- 1.21 At the end of April 2017, 2584 young people had registered with DurhamWorks and 2179 had had their eligibility verified, above target by 262. There are now very few issues in relation to eligibility evidence collection; however the programme needs to ensure that new sub-contractors and Delivery Partners understand the process in order to maintain the strong recruitment which is taking place. 928 participants have progressed into a positive destination; 629 progressing into employment or training and 218 into education.
- 1.22 One Delivery Partner, Social Enterprise Acumen, made the decision to withdraw from the programme in February.
- 1.23 DWP has offered Durham County Council an additional £1.26m of YEI/ESF funding for the DurhamWorks programme. The additional match will be confirmed by the end of May and will come from the expansion of several existing Delivery Partners' provision within DurhamWorks and new Delivery Partners being brought into the programme, strengthening the offer to participants further.
- 1.24 The DurhamWorks Achievement Awards will take place on 24 May. 170 people have been invited with more than 60% being DurhamWorks participants. There are five award categories and there will be one Winner and two Highly Commended:
- Achieving Through Work
 - Employer Award
 - Inspirational Individual
 - Inspirational Mentor
 - Making an Impact – group award.

Leadership Board

- 1.25 The Evaluation of DurhamWorks began in April and will be wide ranging, covering the programme as a whole, alongside each strand:
- Strand 1 will focus on inputs and interventions, specifically transitional arrangements
 - Strand 2 will focus on interventions, outputs and early outcomes
 - Strand 3 will focus on outputs, early outcomes and long-term change.
- 1.26 The consultants have already met the Delivery Partners, the three Wrap Around Support teams and the Strategic Group. Their next phase of activity will be with DurhamWorks participants and the first report is due in July.

Good Career Guidance Benchmarks

- 1.27 From June 2015 and in partnership with The Gatsby Foundation, North East LEP has been supporting the application of the Good Career Guidance benchmarks. This provides the opportunity to test the benchmarks in action; lead the development of practice which will have local impact and national profile; and improve the quality of provision and opportunity for young people.
- 1.28 The pilot has been subject to on-going review, with schools and colleges submitting regular reports and case studies, and analysis against each benchmark to track progress. Year 2 progress data will be reported in September 2017.
- 1.29 Early reports suggest impact in a number of key areas:-
- One clear finding from the pilot in the North East is the usefulness of the benchmarks as an 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 school and college now fully achieves at least four benchmarks (previously 50% of the schools / colleges fully achieved zero benchmarks). All schools and colleges now partially achieve every benchmark.
 - 75% of schools and colleges now fully achieve 6-8 benchmarks (previous national surveys showed that no school had achieved more than 5 of the benchmarks)
 - 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 actions plans with measurable targets.

Leadership Board

- New strategic relationships with employers now existing and schools / 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 resource towards careers provision.
 - Curriculum integration – joint CPD, teacher / career leader placement in industry.
 - The pilot has inspired collaboration and pioneering thinking in the approach to delivering good career guidance
 - Schools and college participating in the pilot are significantly closer to providing 'good career guidance' for 'each and every' young person than they were at the outset.
- 1.30 Analysis of evidence, emerging data and observations within the school and college visits over the duration of the pilot also suggests that progress against the benchmarks is greater and more rapid when the careers leader is either a member of the senior leadership team or when they have a dedicated and active SLT link responsible for the strategic leadership and quality of careers provision.
- 1.31 The career benchmarks are central to the skills element of the Strategic Economic Plan. From 2017 / 2018 all schools and colleges in the North East LEP area will have access to the benchmarks and a series of events will share learning and widen access to them
- 1.32 In March, the North East LEP and AoC facilitated a round table discussion with the 10 colleges in the region, sharing good practice from both the career benchmarks national pilot and the enterprise advisor initiative. Good practice examples were shared by Sunderland College, Bishop Auckland College and East Durham College.
- 1.33 All North East colleges agreed that they would be interested in using the benchmarks and arranged to participate in a further workshop, led by the LEP. This workshop will take place in June and will focus in detail at the key characteristics of each benchmark, suggesting and discussing how the language and emphasis of some of the key characteristics can be 're-flavoured' so they are wholly appropriate and useful for colleges.
- 1.34 This is a key part of the SEP and fed directly into the work being initiated by DfE in relation to Technical education. This work will inform the DfE and the National Careers Strategy. There is also on-going work with the DfE Technical Education Implementation Team to identify good practice in

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embedding good career guidance into the development of the 15 new technical and professional routes.

- 1.35 Collectively the North East LEP and Gatsby are working with DfE to ensure the benchmarks – when released as part of the National Careers Strategy and applicable and appropriate for colleges and schools.
- 1.36 The North East LEP is preparing to expand the career benchmarks, designed originally for secondary schools and colleges, for use in primary schools. We are currently seeking funding to allow us to map the benchmarks for delivery in a primary setting, engage 10% of primary schools across the region (approx. 70 schools) in a pilot that seeks to test the implementation of the benchmarks and facilitate support for primary schools to achieve the benchmarks. Evidence of the impact will be through an action research approach. The proposal has the support of the members of the Careers IAG Advisory Group, chaired by the CBI.

Enterprise Advisors

- 1.37 This key Government-backed initiative was initiated in September 2015. The Careers & 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. Its role is to take an umbrella view of the landscape of careers and enterprise, supporting programmes that work, filling gaps in provision and ensuring coverage across the country.
- 1.38 The North East LEP has taken the opportunity to shape and adapt the original CEC model to enhance the opportunities for school and business engagement. The Enterprise Advisor network is active in 38 or 39 LEP areas. A dedicated coordinator was recruited in November 2015 and another in May 2016, a third was recruited in March 2017.
- 1.39 To date 78 Enterprise Advisors have signed up. 63 tier 1 (strategic EAs) and 15 tier 2 (supporting EAs). 69 schools and colleges have returned their self-assessment and supporting Enterprise Adviser action plan. Of the 69 schools, 50 have been matched with an EA, and an additional 6 pending matches for early June 2017 (which means an EA has been identified and first meeting to be arranged). 18 other schools and colleges who have met with an Enterprise Coordinator are in the process of completing the self-assessment document and are being followed up.
- 1.40 Further business development continue with support of the communications team to grow the numbers of business leaders becoming Enterprise Advisors in the North East network.

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Apprenticeships

- 1.41 The North East has a strong and active part to play in meeting the Government's target of three million apprentices by 2020. However, there is also a recognition that there is still much to be done to deliver the ambitious targets that the region has set within the Strategic Economic Plan (SEP).
- 1.42 In light of the apprenticeship reforms this year, the Apprenticeship Growth Partnership (AGP) will review its work plan and membership at its next meeting in July 2017; and in particular review their role in supporting the following:-
- Maximise employer engagement and the take-up of apprenticeships
 - Encourage and support greater collaboration across and within sectors to share good practice
 - Consider the impact of the apprenticeship reforms on employers as they are implemented – ensuring examples of good practice are promoted, lessons learned and potential 'unintended consequences' are carefully monitored to inform future policy and strategy.
- 1.43 The North East LEP is currently developing a section of the Growth Hub to provide information to employers regarding apprenticeships and this will go live over the summer. This will provide market intelligence, a Q & A, details of the new standards, important relevant web links and useful presentations from local and national partners to assist the understanding of the reforms and the opportunities and challenges.

Skills – capital investment

- 1.44 Four from five original LGF Skills Projects are now physically completed and the remaining project at Northumberland College in Ashington commenced on site in early December 2016 and is planned to open in September 2017.
- 1.45 Following the project call in March 2016, two new skills focussed projects have been approved, both are social-enterprise led – Foundation of Light in Sunderland, which is underway and Eagles Foundation in Newcastle where construction is due to commence in summer 2017.
- 1.46 In January 2017 the North East LEP received confirmation from Government of its funding award from Round 3 of the Local Growth Fund. A total of £49.7m has been awarded over the period 2017-21 to support the development of the 'International Advanced Manufacturing Park', north of the Nissan factory and the introduction of an 'Innovation, Skills and High

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Growth business' mini programme. The focus of the mini programme is still under development

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 coordinate 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.

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.

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12. Consultation/Engagement

12.1 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

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17. Sign off

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

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Leadership Board

Date: 20 June 2017

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

Report of: Thematic Lead for Transport and Digital Connectivity

Executive Summary

This report provides an update to the Committee on progress in our region on activities that are helping to deliver the key principles of the Transport Manifesto. The development of the Transport Plan is an important step for the region and a detailed report will be brought to Leadership Board in September 2017.

There are opportunities for our region to develop Cycling and Walking through the Cycling and Walking Investment Strategy and Go Smarter legacy proposals. The National Productivity Investment Fund may also provide an opportunity to improve roads in our region. DEFRA has consulted on a revised air quality plan for the achievement of EU air quality limit values for nitrogen dioxide (NO₂) in the UK.

The transition of Metro services to in-house operation by Nexus has successfully taken place, with performance helped by the introduction of a more robust timetable earlier this year. For Bus Services, the Bus Services Bill has received Royal Assent, becoming the Bus Services Act. The preparation of a bus strategy for the NECA area is currently underway.

The Secretary of State for Transport has now considered and approved the Transport for the North (TfN) proposal to become a statutory Sub-National Transport Body. A separate, more detailed report on TfN will be brought to July Leadership Board. In the meantime, TfN continues to work on developing its Strategic Transport Plan. Through TfN, it is hoped that the region can yield a greater influence over delivery agencies like Highways England and Network Rail.

Recommendations

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

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1.0 Background Information

- 1.01 A world class transport system that is recognised by passengers and businesses as serving their needs is something that this region can achieve, given the appropriate funding and policy tools.
- 1.02 Key to the success of the region's transport network is the development of the NECA Transport Plan which will allow the NECA region to put the foundations laid out in the Transport Manifesto into practice. Council officers have been consulted on the development of the Transport Plan, ensuring the region as a whole has its voice heard. A report will be taken to the September Leadership Board seeking approval for the latest draft Transport Plan to be released for public consultation.
- 1.03 This report provides a commentary on recent activities in the transport sector.

1.1 Key Announcements

- 1.11 Cycling and Walking Investment Strategy
- The Government has launched a new Cycling and Walking Investment Strategy intended to help make cycling and walking the natural choices for shorter journeys, or as part of a longer journey.
 - A number of actions are outlined to support delivery of the Strategy, including behaviour change, safety and partnership. There are however no new funding streams associated with the Strategy. NECA will need to take these developments into consideration in future strategy development, including the Transport Plan.
- 1.12 National Productivity Investment Fund (NPIF)
- At the end of March, the Government issued guidance on allocation of the local road element of NPIF for 2018/19 and 2019/20. The 2017/18 funds (£185m, £8.9m in the NECA) were allocated on a formula basis, while funding from 2018/19 on will be subject to bidding rounds.
 - Bids for funding from 2018/19 onwards must demonstrate how they help facilitate either a reduction in congestion, unlock economic and job creation opportunities, or enable the delivery of new housing developments.
 - Each constituent Highways Authority may bid and NECA is required to coordinate the overall bidding process. The deadline for bids is 30th June 2017.
- 1.13 DEFRA UK Air Quality Strategy 2017
- DEFRA launched a draft Air Quality Plan on the 5th May, with a deadline for consultation responses set for the 15th June. DEFRA proposes that where

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there is persistent nitrogen dioxide (NO₂) exceedance, Local Authorities must develop plans to achieve compliance.

- Diesel vehicles are cited as the main source of transport based air pollution and measures in the draft Air Quality Plan have focused on this. A range of possible measures are set out for authorities to consider.
- A TNEC Members workshop planned for July will consider what approaches to improving air quality can be best made at an area-wide level.
- The short consultation period took place in between meetings of TNEC and so a short response has been developed with an opportunity for all constituent authorities to comment. A draft as of 6th June is attached at Appendix A for reference. The draft will be updated prior to submission to reflect feedback from individual authorities, and a final version will be circulated once completed.

1.2 Digital Connectivity Update

- 1.21 The North East Digital Leads Group is making progress with its work to position the region as a 5G 'test-bed' to sustain and grow the region's competitiveness in the Digital Economy. NECA Leaders and Chief Executives will play a significant role in directing partners' work to ensure the North East capitalizes on this opportunity.
- 1.22 Nexus, Sunderland Software City, North East LEP and Dynamo North East have been involved in helping to develop a proposition for a 5G 'test-bed'. Work on the development of a business case is underway, to ensure the North East is able to respond quickly to maximise funding opportunities. A close working relationship has been established with 5GIC at Surrey University who are the national centre for excellence for 5G; and a workshop involving 5GIC and key stakeholders to further develop and cost the proposal has been held.

1.3 Metro

- 1.31 On 1st April 2017, the operation of the Metro passed to direct control by Nexus following the expiry of the concession agreement. Around 500 staff were successfully transferred from DB Regio to Nexus and the overall transition went smoothly. TWSC will continue to monitor performance of the Metro closely. Metro's operational performance has improved since the transition back to in-house operation and the introduction of the new Metro timetable in February, although some infrastructure issues have caused disruption to services in recent weeks.
- 1.32 The Nexus rolling stock replacement project is progressing with Treasury and DfT. The DfT will consider a proposal from Nexus on the 19th June at a meeting of its 'Board Investment and Commercial Committee' ('BICC'). Leadership Board approval for the proposed financial and contracting arrangements will then be sought before procurement can begin.

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- 1.33 Work to renew the Metro infrastructure continues. A busy programme under the Asset Renewal Plan is underway this calendar year, including replacement of the overhead line, major track renewals in North Tyneside and the replacement of the 19th century Killingworth Road Bridge. Nexus has commenced a trial for 'platform gap fillers' to help improve wheelchair access.
- 1.4 Transport for the North (TfN)**
- 1.41 In March the Transport for the North (TfN) Partnership Board received a positive response from the Secretary of State for Transport to its submission to become the first Sub-national Transport Body (STB) in the UK. The organisation and its Partners now need to decide if they wish to work together formally through the final stages of becoming an STB, which could, with full agreement, gain formal statutory status by the end of 2017.
- 1.42 A report will be presented to the Leadership Board in July regarding NECA's future participation in TfN.
- 1.43 In the meantime, TfN is developing a Strategic Transport Plan (STP). Our involvement in this workstream is important in ensuring that our aspirations for key strategic transport links are taken into account. The initial draft STP will be launched on June 21st and publicised through local road shows. Formal consultation on the refined plan is expected to commence in the Autumn.
- 1.5 Rail**
- 1.51 The first year of the Northern and Transpennine franchises went well in terms of both operational performance and compliance with franchise obligations. The North East Rail Management Unit (NERMU) Board has approved the 2017/18 Business Plan which focuses on ways to maintain and improve operational performance, and to work on the future development of rail services to facilitate and stimulate economic growth. The Business Plan is attached at Appendix B for information.
- 1.52 An important element of the Franchise enhancements is the construction of a new fleet of trains and refurbishment of existing rolling stock. Both operators are on track with their programmes, including the replacement of the Northern 'pacer' trains by 2020. Northern Rail has commenced a new Service Quality Regime, which aims to deliver a high standard of product on every train and station.
- 1.53 Network Rail updated the Transport North East Committee in April regarding future local and national schemes, and gave Members assurances that various station improvement schemes were moving forward.

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1.6 Bus Services

1.61 On 27th April 2017, the Bus Services Bill received Royal Assent, becoming the Bus Services Act. This followed a lengthy journey through both Houses of Parliament. The Act includes the following delivery options;

- A Bus Franchising Scheme, where a local transport authority can decide to take control of bus networks and fares, as long as a business case exists to do so. A local transport authority that is not a Mayoral Combined Authority must seek approval from the Secretary of State for Transport before it can progress a bus franchising scheme;
- An Enhanced Partnership Scheme, where a transport authority and bus operators agree a bus plan and the operation of services is then restricted to those operators that deliver the requirements of the plan, and;
- An Advanced Quality Partnership, where the local transport authority implements measures and use of those measures is restricted to bus operators that meet agreed quality standards.

1.62 Work is progressing to prepare a bus strategy and a workshop with bus operators was held in April 2017 to gather their views. A strategy is likely to be ready for consultation later in 2017 and approval will be sought from TNEC.

1.63 Bus operators have made a number of recent changes to the bus network, mainly to improve reliability of services. This has led to some reductions to local accessibility, and this runs counter to the NECA's work to promote access to work and training, a key issue that was flagged up by the O&S Committee Policy Review into transport related barriers to education, employment and training. Progress is being made through the "Task and Finish Group" examining bus fares for young people, with bus operators looking to revise their age of eligibility policies later this year to improve the offer for young people. The group is discussing the provision of new multi-modal fares for under-19s, for journeys that involve both buses and Metro.

1.7 Go Smarter Update

1.71 Work continues on the development of a Go Smarter legacy following the end of DfT support, including travel promotion in schools and marketing. A Go Smarter legacy event was held in May aimed at business leaders, to help encourage increased use of sustainable transport for employees.

1.72 There are aspirations to use the Go Smarter brand as an umbrella for on-going sustainable transport projects, including workplace travel planning and continuation of Pop Pay As You Go tickets for jobseekers in Tyne and Wear. These projects show a commitment amongst NECA partners to continue developing the brand.

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2. Proposals

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

3. Reasons for the Proposals

- 3.1 This report is for information purposes only.

4. Alternative Options Available

- 4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

- 5.1 NECA, Nexus and local authorities will continue to monitor progress and develop the Transport Plan which aims to set out the regions vision for Transport, ensuring that the plan is suitably ambitious to match the region's aspirations for economic growth. The Transport Plan is critical in ensuring we have a robust policy base, from which we can improve our chances of securing appropriate and important funding opportunities, and delivering on our aspirations.

6. Potential Impact on Objectives

- 6.1 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.

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

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10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 No specific impacts

14. Appendices

14.1 Appendix A – Air Quality consultation response
Appendix B – NERMU Business Plan

15. Background Papers

15.1 Not applicable

16. Contact Officers

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17. Sign off

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

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Improving air quality: national plan for tackling nitrogen dioxide in our towns and cities

Consultation carried out by the UK Government, the Scottish Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland

Responses to this consultation have to be submitted via an online form. This report outlines the questions that are asked on the form, and (in italics) the proposed responses to be submitted on behalf of the North East Combined Authority

**North East Combined Authority (NECA) Draft Response to the DEFRA / DfT
Consultation: Tackling nitrogen dioxide in
our towns and cities**

1 - How satisfied are you that the proposed measures set out in this consultation will address the problem of nitrogen dioxide as quickly as possible?

Respondents are asked to tick a box with various options ranging from “very satisfied” to “very dissatisfied” and then to provide comments explaining their answer. We propose to tick the “dissatisfied” box and then state:

The North East Combined Authority consists of the seven local authorities of Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council. The Combined Authority reinforces and strengthens existing partnership arrangements to collectively drive forward change and enable economic growth across an area of almost 2 million people.

Maintaining and improving a sustainable and integrated transport network that supports the mobility needs of businesses and residents without adverse impacts on the environment is a key goal of the Authority, in order to promote economic growth and enhance the quality of life for people living in the region. We work closely with Nexus, the Passenger Transport Executive for Tyne and Wear, and with Northumberland and Durham County Councils, to improve transport services across the region.

Air quality is an issue of serious concern to both the NECA and the individual local authorities which it comprises. This response has been produced in consultation with these authorities, some of whom will be producing their own individual responses. In general, we feel that local authorities are best placed to identify solutions that reflect the localised nature of air quality issues. The NECA’s main role is to support them in this process, especially in regard to region-wide transport delivery or behavioural change initiatives, helping to support integration between plans and modes, and also liaising with central government where action is needed at a national level.

Initially, we feel there are concerns over the evidence used to identify the scale of the problem. The DEFRA modelling is carried out at a coarse national level, with very limited local data and poor local validation. As a result it does not reflect the local monitoring evidence in this region. As an example, within Gateshead local trends reported as part of the Local Air Quality Monitoring (LAQM) requirements demonstrate that, at a local level, the current Air Quality Management Area status for parts of the borough could be revoked, rather than a Clean Air Zone (CAZ) needing to be introduced. This leads us to question whether there are similar issues with the data for other local authorities.

Whilst it is acknowledged that the approach the Government has agreed with the EU is different from that applied for current LAQM requirements, the question remains as to whether there is a local public health impact to address if monitoring of the closest receptors complies with annual and hourly objectives. If, so, how can a CAZ be justified?

Furthermore, we do not believe that the proposals put forward by the Government in its consultation document and draft plan are sufficiently robust to address the problems set out in the plan in the shortest possible time. We feel that that the government are passing on the problem for local authorities to solve without committed funding, necessary legal powers or clear advice on how to solve these issues. Without national guidance there is a clear risk of unintended consequences and conflict in approach between adjacent regions.

The government should introduce measures at a national level that will have nationwide benefits such as changes to taxation, incentives to buy cleaner vehicles and centrally managed scrappage schemes, rather than piecemeal treatment of local hot spots which could result in inconsistent approaches being employed across the country. Localised CAZs with differing standards and approaches to charging are likely to cause confusion and added costs for the public transport and road haulage industries and could result in traffic rerouting and increased fuel usage, possibly causing road safety and air quality problems on other parts of the network.

The government's failure to tackle this problem at source with manufacturers is a concern. A firm national commitment is needed regarding effective changes to diesel vehicle taxation and other measures such as a national scrappage scheme. The plans lack ambition and commitment by the Government to address at a national level a problem that is responsible for over 20,000 deaths per year.

Government support is also needed to ensure the necessary legislation is in place that allows local authorities to address behaviours that worsen air quality – for example, current legislation regarding idling vehicles is not sufficient to enable this practice, which causes unnecessary air pollution, to be properly tackled in local areas.

Local authorities clearly also have an important role to play. However, councils in England have been subject to large reductions in government funding over recent years which have led to severe cutbacks in discretionary budgets and staff resources. It will not be possible to effectively respond to this challenge at a local level without additional new funding.

2 - What do you consider to be the most appropriate way for local authorities in England to determine the arrangements for a Clean Air Zone, and the measures that should apply within it?

What factors should local authorities consider when assessing impacts on businesses?

Clearly, a well-defined set of national measures will have a more significant impact on NO_x levels in the UK than piecemeal interventions at a local level.

Should local measures also be implemented, these should be a targeted package. They should promote sustainable and active travel and should be careful to avoid unnecessary adverse impacts on the local economy. This leads us to the conclusion that the definition of a formal CAZ is not a pre-requisite although a non-charging CAZ would be a possible solution.

At a time when the regional economy is recovering from recession, charging regimes of this kind are unlikely to be appropriate. Measures should not disadvantage areas of deprivation, impose additional costs of travel on the community or undermine wider regeneration and land use objectives. Improvements to bus standards, engagement with the freight sector and licensing changes to taxi and private hire vehicles are likely to have an impact but there would also need to be funding to support the transition to cleaner vehicles.

Measures such as those funded through the LSTF programme and Access Fund have a positive impact on active travel and promote a culture change with both long and short term benefits. Encouraging active travel has a double benefit in health terms by both removing pollutants and increasing physical activity. The Go Smarter programme operating within Tyne and Wear (and more recently the wider NECA region) since 2011 has reduced 'school run' car traffic (latest year-on-year figures for primary schools show a drop in car use from 36.4% to 35.6%), and promoted active travel, most recently through our 'Make the Switch' campaign.

However, to our disappointment, the NECA was not successful in a recent Access Fund bid and as a result a number of successful and well-established projects are having to be wound down or scaled back due to lack of funding to continue them in their present form. Investment in capital infrastructure benefits from a supporting package of behaviour change initiatives to maximise impacts. These types of initiatives however require revenue funding alongside capital investment.

We acknowledge that it is not possible or feasible for everyone to make an entire journey by sustainable modes. However, Park and Ride sites can encourage people to only use their car for part of their journey and travel by bus or Metro for the remainder. The use of Park and Ride facilities can alleviate urban congestion that gives rise to air quality issues and, as an example, it is estimated that the three Park and Ride sites situated on key routes into Durham help reduce peak hour congestion in the city centre by 5%.

Our light rail network, Metro, connects the urban areas of Tyne and Wear and annual patronage is approximately 40 million people. Metro makes a significant contribution to congestion reduction, removing an estimated 40,000 car journeys from the region's roads each day. Car parking facilities are available at 30 Metro stations, providing approximately 2,750 parking spaces in total.

A further activity that is likely to have significant localised benefits is the use of traffic management to manage air quality. By using air quality motes, ANPR and traffic signal control journey times, public transport priority and air quality can be optimised. Gateshead Council is investigating this approach using its allocated Air Quality Grant for 2016/17.

In general, we feel there is a potential role for local non-charging CAZs but we need to carefully examine the potential effects on businesses, possible adverse effects from vehicle re-routing and how the CAZs will be enforced. Extensive consultation with the public and businesses will be essential and it is crucial that the guidelines for Clean Air Zones are clear and consistent across the UK to ensure that vehicle manufacturers, bus and freight operators are not faced with a range of differing local standards.

3 - How can Government best target any funding to support local communities to cut air pollution? What options should the Government consider further, and what criteria should it use to assess them?

Are there other measures which could be implemented at a local level, represent value for money, and that could have a direct and rapid impact on air quality? Examples could include targeted investment in local infrastructure projects.

How can Government best target any funding to mitigate the impact of certain measures to improve air quality, on local businesses, residents and those travelling into towns and cities to work? Examples could include targeted scrappage schemes, for both cars and vans, as well as support for retrofitting initiatives.

How could mitigation schemes be designed in order to maximise value for money, target support where it is most needed, reduce complexity and minimise scope for fraud?

It would be most cost effective to target funding that will have an impact at a national level, not just in the targeted areas. This will tackle both through traffic and local traffic in problem areas and also reduce pollution in those areas that modelling and monitoring have not yet highlighted. These national measures should include taxation of more polluting diesel vehicles and incentives to offset these costs such as scrappage or reduced taxes on new clean/ULEV vehicles.

Investment in rail freight should be encouraged as rail freight produces up to 15 times less nitrogen dioxide emissions and 90 per cent less PM₁₀ particulates than HGVs for the equivalent journey. ¹ At the very least, the government's 21 per cent cut to Mode Shift Revenue Support grants, effective from April 2017, should be reversed.

Funding should include both capital and revenue funding to ensure behaviour change programmes can be implemented to support capital schemes

At a local level it will be important that measures to improve air quality are implemented as part of a coherent overall transport strategy. These are likely to include:

- *Addressing easy to change sectors such as buses by retrofitting/replacement, changes can be made to the more polluting of vehicles.*

¹ Source: Freight on Rail Group

- *Working with the taxi community through changes to licensing supported with incentives to change will also have an impact in sensitive centres and in high volume local traffic.*
- *Free parking and other financial incentives for low-emission vehicles*
- *Investment in traffic management using UTMC in combination with UTC, ANPR and real time air quality monitoring will also reap benefits in managing the impact of pollution on sensitive links and receptors.*
- *Investment in sustainable travel infrastructure and active travel measures will support the transition away from the most polluting vehicles.*
- *Investment in mapping/route information for HGVs to ensure they use the most appropriate routes as commercial SatNav systems are not always suitable for goods vehicle traffic*
- *There is wide-spread scope for improvement to fleet vehicles, however cleaner vehicles, particularly ULEVs, are usually more costly than diesel alternatives. Incentives to clean fleets should be part of a national programme and the bidding process should be proportionate to size of business.*
- *Investment in monitoring at a local level is also a cost effective approach to understanding the local scale of problems and validating national level modelling.*

In respect of freight vehicles, the consultation recognises the role of accreditation schemes in improving environmental standards, such as the Fleet Operators Recognition Scheme (FORS) promoted in this region by the North East Freight Partnership.

Between 2015 and 2016, a sample of FORS Gold members in the UK reported annual fuel savings that are estimated to have reduced their CO₂ emissions by 9% and their local emissions (NO_x, PM, HC and CO) by around 3% per vehicle. Applying this saving to the 17,000 vehicles operated by Gold members in total equates to a saving of over 7,800 tonnes of CO₂ and 53 tonnes of NO_x per annum. There would therefore be clear air quality benefits from continued and intensified promotion of FORS, such as by use of local and national procurement processes to encourage take-up, and through roll-out of the scheme to local authority fleets.

A detailed, evidence-based feasibility assessment would be needed to understand fully the likely benefits and costs of all measures.

Many of these measures are reliant upon additional funding (national or local) from government. The current Air Quality Grant is subject to an onerous application process, with limited success. Government should build on experience of other grant and scrappage schemes that promote cleaner vehicles and associated infrastructure or retro-fitting rather than increasing the burden to deliver this at a local level. The potential for fraud could be best minimised by implementing schemes centrally at a national level.

Traffic using key polluting links is not always local, even on the locally managed road network, and therefore this should be managed centrally. Funding and grants should address the need for both capital and revenue funding, recognising also the increased administrative, monitoring and enforcement resources that will be necessary to seriously address this issue.

The region's allocation of Local Transport Plan Integrated Transport Block, which provides funding for small-scale capital works, has decreased by 43% since 2005/6, resulting in less funding being available for interventions to address congestion, road safety and, in this instance, air quality. Whilst we have been successful in securing some funding from the Local Growth Fund, the eligibility criteria is focused more towards increasing employment and opening up development sites. Without a dedicated funding source, the resources available to us are limited.

Restoring previous cuts to these budgets through, for example, use of the proposed 'Roads Fund' (currently intended to be used entirely by Highways England) would provide a good basis for co-ordinated local action.

Where businesses are unwilling to change vehicle types, even where funding is available to assist with scrappage then, as a last resort, local authorities should have the power to charge increased Business Rates.

4 - How best can governments work with local communities to monitor local interventions and evaluate their impact?

Targeted investment in local monitoring and a strong monitoring and evaluation framework will provide evidence to demonstrate the impact of measures. This should include monitoring of all measures implemented and must include wider area monitoring to determine any re-routing impacts as a result of traffic management or infrastructure changes.

Monitoring will require additional investment in local real time monitoring equipment at a standard that is compliant with the Government assessment approach.

The government and local authorities should also work with public transport providers and the taxi and freight industries to define the benefits and the adverse effects if air quality issues are not addressed. Schools in affected areas could be engaged, possibly as part of science lessons, and this would also complement behaviour change initiatives aimed at reducing 'school run' traffic.

5 - Which vehicles should be prioritised for government-funded retrofit schemes?

Efforts to retrofit/replace bus fleets with cleaner vehicles (newer technology, hybrid, electric) should be sustained with Government funding. Bus companies are very receptive to these opportunities and the impact could potentially be significant. Newcastle has evidence to demonstrate the air quality improvements achieved by improving the bus fleet in the Byker local centre. There would also be benefits for the economy of the UK as at least 80 per cent of the buses sold in the UK are built in this country.

We feel that particular consideration should be given to bus retrofitting as it provides more than 15 times as much value as scrappage allowances for diesel cars to convert to Euro 6 or electric.²

However, it is important that actions to improve air quality do not impose extra costs on the bus industry. National austerity measures have already severely curtailed funding for supported bus services across England and further route cutbacks would reduce accessibility, increase social exclusion and generate more car traffic, which is likely to worsen rather than improve air quality overall.

National licensing taxi and private hire policy (not limited to London hackney cabs) should support a modern approach to emission standards and tackle cross border trading issues relating to licensing and emissions. This will help local authorities implement local measures within the taxi fleet and overcome cross border movements that would otherwise affect individual local authority licensing policies.

A national scheme should address fleet vehicles and older private diesels. Charging infrastructure improvements should move in step with incentives to improve the fleet in order to prevent disillusionment with limited facilities away from home or in areas of on-street parking. Funding opportunities should take into account local authority limitations in match funding such infrastructure and the evolving model for managing and maintaining charging facilities. In view of the current growth in light goods vehicles, any scheme should not exclude small businesses and should take a proportionate approach to addressing this sector.

6 - What type of environmental and other information should be made available to help consumers choose which cars to buy?

New and second hand sales information should be clear and concise and follow the “washing machine” efficiency scale model. It should form a prominent part of sales information to help increase public awareness of the issues. It should include all relevant pollutants, not just CO₂. Information should take into account typical life time impacts, real driving conditions and life time costs.

² Improving Air Quality in Towns and Cities – Why buses are an integral part of the solution, Professor David Begg, 22nd April 2017

Manufacturer real driving information should be published by government to help in the comparison and purchase of vehicles; again, these should be life time factors and a calculator should be available to make comparisons.

There should be more information available about charging point availability, consumption rates and residential charging point schemes. At the moment, the lack of clear information is a deterrent to investment in low-emission vehicles with consumers anxious about the potential range they can travel in electric vehicles and whether suitable re-charging facilities will be available.

7 - How could the Government further support innovative technological solutions and localised measures to improve air quality?

Government should support investment in Intelligent Transport Systems (ITS) that improve traffic management and information. It should support development and implementation of cost effective, real time, accurate monitoring. This should include investment in using this technology in combination with other ITS for monitoring and traffic management.

Nationally, investment is needed to support the development of charging infrastructure and business model awareness. ULEV charging infrastructure needs to evolve now that ULEVs are more advanced and more commonly available. This development should include models for interoperability, roll out, management and maintenance of this infrastructure including both the planning process and retro-fitting. Lack of infrastructure is likely to hold back local uptake particularly where only off-street parking is available. Support is needed in this area that takes into account limitations in match funding.

8 - Do you have any other comments on the draft UK Air Quality Plan for tackling nitrogen dioxide?

Evidence based on the national methodology of the need for CAZs, either charged or un-charged, is contradictory to that of local monitoring. This needs resolving prior to implementation of any measures. There needs to be more acceptance of the evidence produced by localised air quality monitoring, so that it can actively feed into the national data sets.

If the discrepancies between the national and local level results are not resolved, this may mean that local authorities are unwilling to accept, or may challenge, the information provided in the DEFRA Air Quality Plan and this could inhibit progress on addressing the issue which requires effective local and national joint working on targeted mitigation measures.

The implementation of any measures should be based on a clear evidence base and cost-benefit assessment set out in a feasibility study. Substantial central funding will be required to support any assessment and subsequent package of measures.

It is apparent within the consultation documentation that the Government intends to direct responsibility for addressing this problem to local authorities but without any clear funding commitments. The NECA would emphasise in conclusion that:

- *A number of measures could be implemented at a national level that would result in wide scale improvements across the country and would ensure a common approach*
- *Where action is needed at local level, local authorities need to be provided with the necessary financial resources and appropriate legal powers. An issue of this importance cannot be properly addressed with the limited (and shrinking) local authority budgets currently available.*

North East Rail Management Unit

Business Plan

2017/18 to 2019/20



1. Purpose

The aim of the North East Rail Management Unit (NERMU) is to deliver meaningful local influence over the delivery of current rail services in the North East and the achievement, over time, of improvements to local, regional and national rail services that run within or through the North East. A map of the North East rail network is shown below.



The NERMU Business Plan is aligned with the Rail North Ltd Business Plan and builds on the inaugural NERMU plan of 2016/17. The plan also takes account of the emerging Local Transport Plans of both the North East and Tees Valley combined authorities and of Transport for the North's Integrated Rail Report (part of the TfN Strategic Transport Plan).

This first NERMU Business Plan set out the objectives, the new way of working, outlined the existing rail services in the North East, explained the local governance arrangements and NERMU's relationship with Rail North Limited.

The 2017-2020 NERMU Business Plan therefore concentrates on the activities and programme of work to be undertaken by the partners to both monitor existing services performance and to influence the development of services and stations. Service and facility enhancements will be both short term through the current Franchises and longer term through Northern Powerhouse Rail, HS2 and Network Rail's long term planning process.

2. Objectives

2.1. The North East Rail Management Unit has two primary Objectives:

1. Deliver meaningful local influence over the delivery of rail services within North East England.
2. Develop rail services to facilitate and stimulate economic growth and which support the social cohesion of the North East; delivering improvements to capacity, journey times, passenger comfort and reliability of performance.

2.2. Full achievement of both these two primary objectives will require activity beyond the scope of just the current Northern and TransPennine Express rail franchises. In particular, the second primary objective will require several years of co-ordinated engagement and investment, through close collaboration with Rail North, Transport for the North, Network Rail and train operators, through national rail industry processes and local investment channels.

2.3. The NERMU Development Plan sets out a series of specific tasks to be achieved during 2017/2018 financial year.

3. Achieving the Objectives

This Plan will define the high level milestones which should be achieved during 2017 - 2020 to realise meaningful progress towards the primary Objectives. The 2017-2018 Delivery Plan will detail the activities and work programmes grouped under each of the two primary Objectives.

4. OBJECTIVE 1:

Deliver meaningful local influence over the delivery of rail services within North East England.

Workstream 1.1: Governance

4.1 The Governance and working arrangements were established during 2016 and a summary is provided below. The Head of Heavy Rail, Nexus will continue to act as lead officer for NERMU, with the secretariat provided by the Heavy Rail Manager, Nexus.

NERMU Members Board
<ul style="list-style-type: none"> • 4 Transport Leads (NECA / TVCA / Cumbria CC / N. Yorkshire CC) • Bi -annual to approve business plan & monitor progress against targets / milestones
Joint Transport Group
<ul style="list-style-type: none"> • Senior representatives from the two 'wider' north east combined authorities • Quarterly to consider strategic rail and road opportunities and issues of common interest to maximise the influence on local, regional and national decision makers.
NE Rail Performance Forum
<ul style="list-style-type: none"> • TVCA • NECA • NYCC • CCC • TOC representatives • Network Rail (Operations) • Bi- monthly to report performance, patronage data, updates on progress and discuss future enhancement opportunities or promotions.
NERMU Officer Steering Group
<ul style="list-style-type: none"> • 7 nominated NECA officers • 5 nominated TVCA officers • 1 N. Yorks CC Officer • 1 CCC Officer • Network Rail (Service Planning) • Supported by NERMU Manager, Head of Heavy Rail, NECA and TVCA Strategic Transport managers • Bi-monthly to monitor progress against targets / milestones as part of wider rail planning and delivery forum
Task & Finish Group
<ul style="list-style-type: none"> • To be formed for specific tasks from pool of NERMU resources as appropriate.

The main themes and tasks for Workstream 1.1 are summarised in the table below:

Theme	Accountable Body	Task	Lead	Planned Date
Administration	NERMU Board	Arrange and service 6 monthly meetings.	Heavy Rail Manager	April & October
	Joint Transport Group	Arrange and service quarterly meetings	Heavy Rail Manager	March, June, Sept, Dec
	NERMU Performance Forum	Arrange and service 2 monthly meetings	Heavy Rail Manager	May, July, Sept, Nov, Jan, Mar
	NERMU Officers Steering Group	Arrange and service 2 monthly meetings	Heavy Rail Manager	Apr, Jun, Aug, Oct, Dec, Feb
Reporting	NERMU Board	Approve the NERMU 2017 - 2020 Business Plan	Head of Heavy Rail	April 2017
		Approve the NERMU annual delivery plan	Head of Heavy Rail	April 2017, 2018, 2019
		Consider the Franchises performance & investment programme review	Head of Heavy Rail	April & Oct 2017, 2018, 2019
Collaboration Agreement	Combined Authority / County council appropriate committee.	Review NERMU Collaboration agreement in light of Franchise operations and Rail North / Transport for the North Merger	All NERMU members	October 2017

Workstream 1.2: Franchise Performance

4.2 Through close working with the Rail North Management Team and directly with Network Rail, Northern and TransPennine franchisees, NERMU is seeking to assist with gradual improvements in performance as well as step changes through investment. Investment is included as Workstream 1.3. The identified tasks to aid performance are summarised below.

Theme	Task	Lead	Planned Date
Monitoring against targets	Provide monthly updates on key performance metrics against Franchise targets to NERMU Officer Steering Group members	Heavy Rail Manager	Monthly
	Hold NERMU Performance Forums with Network Rail and all NE train operators to discuss current performance and where necessary develop improvement plans.	Head of Heavy Rail	May, July, Sept, Nov, Jan, March
Line of Route Improvement Plans	Develop with each Franchisee and Network Rail individual route improvement plans and monitor progress.	Heavy Rail Manager	May 2017
Rail North Metrics	Develop North East disaggregated performance metrics as a measure of NERMU's influence.	Heavy Rail Manager	June 2017

Workstream 1.3: Franchise Investment

Theme	Task	Lead	Planned Date
Committed Obligations	Through Rail North monitor the Franchisees delivery of committed obligations.	Rail North	Monthly
New Services	Assist with the introduction and promotion of franchise committed new services: <ul style="list-style-type: none"> ➤ Newcastle to Manchester Airport (TPE) (including stopping patterns) ➤ Tyne Valley (Northern) ➤ Bishop Line (Northern) ➤ Esk Valley (Northern) ➤ Northern Connect (Northern) 	Head of Heavy Rail	Dec 17, May 18, Dec 19
New / Refurbished Trains	Assist with introduction and promotion of franchise committed new trains.	NERMU Marketing sub group	2018/19
Investment in Stations	Assist with the development and delivery of franchise committed improvements to station facilities. <ul style="list-style-type: none"> • 19 new passenger shelters (Alnmouth, Bardon Mill, Corbridge, Cramlington, Haydon Bridge, Morpeth, Riding Mill, Widdrington, Wylam, Glaisdale, Brampton, Castleton Moor, Danby, Egton, Grosmont, Lealholm, Ruswarp, Sleights, Bishop Auckland,) • 21 new seating schemes (Bardon Mill, Billingham, Bishop Auckland, Brampton, Corbridge, Cramlington, Danby, Egton, Gromont, Lealholm, Longbeck, Marske, Metro Centre, Redcar East, Riding Mill, Ruswarp, Seaton Carew, Sleights, South Bank, Stockton, Widdrington) • 9 Customer Information Screens and 2 Public Address systems (Acklington, Bardon Mill, Battersby, Brampton, Comondale, Pegswood, Riding Mill, Ruswarp, Saltburn, Whitby, Widdrington) • 13 Equalities Act induction loops (Alnmouth, Cramlington, Danby, Egton, Glasidale, Gromont, Lealholm, Longbeck, Morpeth, Ruswarp, Sleights, South Bank Widdrington) • 22 new help points (Bardon Mill, Billingham, Brampton, Corbridge, Cramlington, Danby, Eaglecliffe, Egton, Glasidale, Grosmont, Lealholm, Longbeck, Marske, Morpeth, 	Appropriate NERMU local officer / Northern	2017/20

	<p>Prudhoe, Redcar East, Riding Mill, Ruswarp, Sleights, South Bank, Widdrington, Wylam)</p> <ul style="list-style-type: none"> • 32 CCTV schemes (Bardon Mill, Battersby, Bishop Auckland, Blaydon, Brampton, Castleton Moor, Comondale, Corbridge, Cramlington, Danby, Dunston, Egton, Glaisdale, Great Ayton, Gromont, Haltwhistle, Heighington , Heworth, Lealholm, Manors, Newton Aycliffe, Pegswood, Prudhoe, Redcar British Steel, Seaham, Shildon, Sleights, Stocksfield, Wetheral, Whitby, Widdrington, Wylam) • 62 new Ticket Vending Machines (TVMs) All stations except Acklington, Battersby, Chathill, Kildale, Pegswood, Redcar British Steel and Durham Tees Valley Airport. 		
Enhanced Timetables	<p>Assist with the development, introduction and promotion of franchise committed timetable changes. Improve connections and timetables, beyond committed obligations, where possible.</p>	Heavy Rail Manager	Dec 2017, May 2018, Dec 2019

Workstream 1.4: Marketing and Ticketing

4.4 One of the committed obligations is to work with Nexus to introduce smart ticketing that can be used across local rail, metro and bus services. In order to maximise passenger numbers it will also be beneficial to promote services to targeted audiences through joint marketing initiatives. This will also include cooperation around planning for major events.

Theme	Task	Lead	Planned Date
POP PAYG on Northern Services	Work with Northern and NESTI to ensure acceptance of POP PAYG on all North East routes.	Head of Heavy Rail	2017/20
Through ticketing	Work with Franchisees to enable through ticketing to Newcastle Airport	Head of Heavy Rail	Sept 2017
Line of route marketing plan	Develop with Northern and where applicable Community Rail Partnerships annual line of route marketing plans.	NERMU marketing sub group	May 2017
Events	Develop plans with Northern and TPE for events to meet high flows expected at major events: Tall Ships, Sunderland Great North Exhibition Great North Run	Task and Finish group	May 2017

Workstream 1.5: Community Rail Partnerships

4.5 Community Rail Partnerships currently exist on the Tyne Valley, Esk Valley and Bishop lines. NERMU will work with these CRP's to promote the use of these services through events and targeted marketing. There are aspirations from User groups for the other local lines in the North East to be considered to become CRP's. During 2107 NERMU will work with these local groups and Northern to assess the merits of such a move.

Theme	Task	Lead	Planned Date
Community Rail Partnership Forums	NERMU to attend a representative number of CRP meetings to keep both parties informed of developments and initiatives.	Heavy Rail Manager	2017/20
Line of route marketing plan	Develop with Northern and where applicable Community rail partnerships annual line of route marketing plans.	NERMU marketing sub group	May 2017
Expansion of Community rail partnerships	Give consideration to the aspirations of user groups to establish formal community Rail Partnerships for the Saltburn to Darlington line and the Durham Coast line.	NERMU partners	June 2017

5. Objective 2

Develop rail services to facilitate and stimulate economic growth and which support the social cohesion of the North East; delivering high quality, integrated local services in line with the vision established by the Rail North Long Term Rail Strategy and the North East Rail Statement.

Workstream 2.1: North East Rail Statement / Prospectus

A North East Rail Statement was produced in 2014 prior to the Franchises been awarded and during the early days of Transport for the North. With a number of longer term rail developments under consideration, as well as Local Travel Plans in development, it seems timely to refresh the NE Rail Statement and provide a concise prospectus on the emerging preferences for future services to and within the North East. The table below outlines the required tasks.

Theme	Task	Lead	Planned Date
Refresh North East Rail Statement	Update background data	Heavy Rail Manager	June 2017
	Produce Prospectus for Rail in the North East	Head of Heavy Rail	May 2017
	Produce draft NE rail statement	Head of Heavy Rail	October 2017

Workstream 2.2: Transport for the North

Theme	Task	Lead	Planned Date
Northern Powerhouse Rail	Work with DfT, TfN, Network Rail and HS2 Ltd to develop NPR, with particular interest in the Leeds to Newcastle corridor and Stations development	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
	Keep officers and members informed on progress and option development through existing reporting mechanisms	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
	Represent North East interest through attendance at NPR Working Group meetings.	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
Integrated Rail Report	Work with TfN and Rail North to ensure North East rail aspirations are captured in the Strategic Transport Plan document.	Heavy Rail Manager (NECA) / Strategic Transport Manager (TVCA)	Autumn 2017

Workstream 2.3: Rail North

Theme	Task	Lead	Planned Date
Officer Steering Group	Represent North East interest through attendance at RN Officers Steering Group meetings.	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
	Keep officers and members informed of any issues and developments of note affecting the North East, through current governance arrangements.	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
Initial Industry Advice	Work with Rail North and Network Rail to influence enhancements to be included for funding during the next control period (2019-2014)	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
Rail North Business Plan	Contribute to the development of the Rail North Business plan	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/18
	Undertake any local actions in accordance with requirements of the Rail North business plan	NERMU officers	2017/18
Rail North Performance metrics	Produce North East disaggregation of the Rail North Performance metrics and provide regular updates to the NERMU board	Heavy Rail Manager	2017/18
Merger with TfN	Play an active role in the remodelling of Rail North as part of the wider of Transport for the North establishment; and ensure rail interests in the North East continue to be well represented.	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20
Devolution	Work with Rail North to develop the next stages of Devolution beyond the current franchises	Head of Heavy Rail (NECA) / Strategic Transport Manager (TVCA)	2017/20

Workstream 2.4: Network Rail Long Term Planning

Theme	Task	Lead	Planned Date
East Coast Route Study	To coordinate a response to the Draft route study	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
	To provide an NECA / TVCA response to the consultation draft of the route study.	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
North of England Route Study	To work with Rail North and Network Rail to influence the objectives of the route study	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
	To represent the NECA/TVCA on the Board and Working Group as they are established.	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
Durham Coast Route Study	To undertake a route study to assess the feasibility of improvements to the existing route	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
High Speed 2	To work with High Speed 2 Ltd to integrate required improvements works on the ECML in line with TfN development.	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	2017/18
	To work with TfN to ensure any interfaces with HS2 is incorporated in the Hybrid bill	Head of Heavy Rail (NECA) / Strategic Transport Manager (Tees Valley)	Autumn 2017

Workstream 2.5: Local Authority Investment Schemes

Theme	Task	Lead	Planned Date
Ashington, Blyth and Tyne	To assist Northumberland and Network Rail to develop the schemes through the Network Rail planning and development process	Northumberland / Nexus	2017/20
Sunderland Station	To assist Sunderland, Northern and Network Rail to develop and implement the above ground station/city gateway scheme	Sunderland / Nexus	2017/19
Horden / Peterlee Station	To assist Durham, Northern and Network Rail to develop and deliver new station to serve Horden / Peterlee	Durham	2017/18
Darlington Station	To assist Darlington, Virgin and Network Rail to develop and deliver the station master plan scheme	Darlington	2017/20
Middlesbrough Station	To assist Middlesbrough, TPE and Network Rail to develop and deliver the station master plan	Middlesbrough	2017/20
Newcastle Station	To assist Newcastle, Virgin and Network Rail to develop and deliver the station master plan	Newcastle	2017/20
Cramlington Station	To assist Northumberland assess the feasibility of either a new station or significant improvements to the existing station and to facilitate the increase in service calls	Northumberland	2017/20
Gilsland Station	To assist Northumberland, Northern and Network Rail to seek a cost effective solution to serving Gilsland station	Northumberland	2017/20
Metro Futures	Develop outline options for the future expansion of local rail services, in light of industry planning and investment opportunities	Nexus	2017/20

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Leadership Board

Date: 20 June 2017
Subject: Project Approvals – Local Growth Fund
Report of: Head of Paid Service and Chief Finance Officer, NECA

Executive Summary

This report seeks the Leadership Board's formal approval to the changes to the Local Growth Fund (LGF) programme that were agreed at the North East LEP Board on 25th May 2017 and approve the release of grant to a project previously agreed at outline stage in 2016 that has now come forward with a finalised business case.

In particular, this report is focused on the inclusion of the new projects and mini programmes and changes to the existing programmes, as summarised below:

New Projects / Programmes

- International Advanced Manufacturing Park (IAMP)
- Incubator Support Fund (programme)
- Innovation Project Development Fund (programme)
- 5G Test Bed development project
- Scale-up North East (programme)
- Institute of Technology bid
- East Pilgrim Street, Southern Access, Newcastle
- Integra 61, Bowburn, County Durham
- Gateshead Quays project

Changes to Existing Projects

- Scotswood Bridgehead, Newcastle – Removed from programme to fund East Pilgrim Street
- A1 – A690 junction improvement, County Durham - Removed from programme to fund Integra 61, Bowburn
- Park and Ride Corridor, Gateshead - Removed from programme to fund Gateshead Quays
- Central Station to Stephenson Quarter - Project revised with a saving used to help fund the East Pilgrim Street project

The report also provides an update on the financial outturn of the 2016/17 LGF Programme and provides an updated listing for the 2017/18 LGF Programme for approval by the Leadership Board as an update to the Capital Programme.

The opportunity is also taken to seek the Leadership Board's timely approval to a smart medicines packaging / drug therapy innovation centre development study. This project is already included in the approved capital programme, and it is now proposed to give

Leadership Board

formal approval to the release of the grant, subject to the LEP Board's formal approval being concurrently sought under its delegated procedures.

Recommendations

The Leadership Board is recommended to -

1. Note the 2016/17 Outturn position for the Local Growth Fund and to agree the funding changes set out in section 1. in the report;
2. Agree to the inclusion of the following new projects into the Local Growth Fund Programme, as set out in more detail in section 2.2 and Appendix A:
 - International Advanced Manufacturing Park (IAMP) - £41.15m;
 - Incubator Support Fund (programme) - £2.035m;
 - Innovation Project Development Fund (programme) - £0.95m
 - 5G Test Bed development project - £0.25m;
 - Scale-up North East (programme) -£1.5m;
 - Institute of Technology bid - £1.25m;
 - East Pilgrim Street, Southern Access, Newcastle - £4.35m;
 - Integra 61, Bowburn, County Durham - £1.5m; and
 - Gateshead Quays project - £5.0m.
3. Agree to the following changes to the LGF programme, as set out in more detail in section 2.2 and Table 1;
 - Scotswood Bridgehead, Newcastle – £3.2m removed from programme to part fund East Pilgrim Street;
 - A1–A690 junction improvement, County Durham - £1.5m removed from programme to fund Integra 61, Bowburn;
 - Park and Ride Corridor, Gateshead - £5m removed from programme to fund Gateshead Quays; and
 - Central Station to Stephenson Quarter - Project revised and reduced to £4m, with a saving of £1.15m used to fund the East Pilgrim Street project.
4. Approve the revised Local Growth Funding Programme for 2017/18 and future years as set out in section 2.5 of this report and attached as Appendix B;
5. Authorise the Monitoring Officer to finalise and enter into any legal and Grant Funding documentation required to enable the approved Local Growth Funding programme to proceed; and
6. Subject to formal LEP Board approval, agree to a revenue grant of £212,375 to the Centre for Process Industry to undertake a study into the development of Medicines Smart Packaging and drug-delivery innovation project in the North East with the conditions set out in section 2.13.

Leadership Board

1 Background Information

- 1.1 The Local Growth Fund (LGF) programme encompasses a wide range of major projects and programmes across the region. The Round 1 and Round 2 grant approvals amount to £220.437m and form part of our capital programme. The Government approved a new Round 3 grant of £49.7m in January. The total approved LGF grant amounts to £270.137m for the period from 2015/16 to 2020/21.
- 1.2 The purpose of the report is to update the Leadership Board on the financial outturn for 2016/17; set out changes to the programme following their approval by the LEP Board; and show the impact of these changes on the LGF capital programme for 2017/18 and future years.
- 1.3 The outturn spend for 2016/17 is £63.63m. This included £3.132m of temporary funding swaps, in line with the principles previously agreed by the Leadership Board. This represents an underspend of £18.21m on the total available grant for the year, which is slightly higher than the figure reported to DCLG at the time of the Annual programme review in December 2016. The 2017/18 DCLG grant award letter raised no concerns with this level of performance. Indeed, recent informal feedback indicates that the North East LEP is making good progress in relation to the delivery of its Growth Deal programme expenditure compared to most other LEP areas. The unspent LGF grant has been carried over to be spent in 2017/18.

2 Proposals

- 2.1 In January the Government announced that the North East LEP area had been awarded £49.7m of local growth round 3 grant, including grant funding for the International Advanced Manufacturing Park (IAMP). This was significantly less than the request for funding that had been submitted. The LEP has agreed that the grant allocation be used to fund the IAMP project as well as a number of scaled back mini programmes.
- 2.2 The LEP team carried out a short review of the programme, working with the local authorities, to enable some resource reallocation to enable funding to be allocated to more of the LGF Round 3 high priority projects. The LEP Board approved the eight expressions of interest that had been submitted as part of the programme review, which included the following new projects/programmes and one refocused project. These are summarised in Appendix A and in Table 1 below. It should be noted that all projects exclude a 2.5% allocation towards programme management costs.

Leadership Board

Table 1: New LGF Funded Schemes for inclusion in the Programme.

New Projects / Mini Programmes	LGF Grant	Notes
	£m	
International Advanced Manufacturing Park (IAMP) Sunderland and South Tyneside	41.150	The gross allocation for this project is £42.2m.
Incubator Support Fund (programme)	2.035	
Innovation Project Development Fund (programme)	0.950	
Accelerated 5G test bed development project	0.250	
Scale-up North East Programme	1.500	
Institute of Technology bid	1.200	
East Pilgrim Street, Southern Block, Newcastle	4.350	Funded by a £3.2m saving following the removed of the Scotswood Bridgehead project, and a £1.15m reduction in the South of Central Station project
Integra 61, Bowburn, County Durham	1.500	Funded by the removal of £1.5m allocation for the A1–A690 junction improvement, County Durham
Gateshead Quays	5.000	Funded by the removal of the £5m allocation for the Park and Ride Corridor, Gateshead
Programme Management	1.242	The programme management budget will be increased by 2.5% of the additional LGF 3 grant.
Refocussed Project		
Central Station to Stephenson Quarter, Newcastle	4.000	Project refocused and reduced by £1.15m, to fund East Pilgrim Street

- 2.3 The new projects / programmes were all LGF Round 3 short listed priority projects. It has been possible to include contributions to three high priority projects by achieving savings in existing LGF programme, as set out in the notes. Newcastle City Council have also taken the opportunity to review the

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Central Station to Stephenson Quarter project scope and funding requirements, in part, to recognise the revised proposals that can be delivered in the next few years and to release funds to support the East Pilgrim Street LGF 3 project priority scheme.

- 2.4 Overall, the new project proposals offer the potential to achieve increased and more direct economic impacts and outcomes; require lower intervention rates and offer greater strategic impact than those projects being withdrawn. Several new projects have an imperative to promptly progress to the submission of a business case. Others require further development work to mitigate risks. All are scheduled to submit full business cases during 2017 and plan to be physically and financially complete by 2020/21. The new schemes in relation to innovation and incubation development funds will be further informed by the emerging national Industrial Strategy Challenge Fund, whilst the IoT bid will consider the call guidelines to be issued by the DfE, subject to the outcome of the General Election.

Implications for the LGF Programme for 2017/18 and future years

- 2.5 The impact of the outturn for 2016/17 and the changes set out above are reflected in the latest programme for 2017/18 and future years, which is summarised in Appendix B. On paper the programme totals £75.6m in 2017/18, with LGF grant of £60.71m available next year (before the reversal of any of the LGF funding swaps).

Table 2: Local Growth Fund Resource Summary

2016/17 LGF Budget	
2015/16 Section 31 Grant plus c/f balance from 15/16	£81.84m
Estimated expenditure outturn	£63.63m
Balance carried forward to 2017/18	£ 18.21m
2017/18 LGF Budget	
2017/18 Section 31 Grant	£42.50m
2016/17 Estimated Balance c/f	£18.21m
Total Budget	£60.71m
Projected expenditure	£75.60m
Over programme in 2017/18	£14.89m

- 2.6 The level of over-programming in 2017/18 of £14.89m amounts to 24.5% of the LGF grant available in 2017/18. In 2016/17 the programme commenced the year with 18% over-programming and finished 22.2% under budget. Due to many more projects now having let their main construction contracts and thereby having overcome pre-construction challenges and potential delays, the 2017/18 programme is considered to be much less at risk of under spending. The current level of over programming is considered satisfactory to be able to achieve the use of £60.71m LGF grant by the end of 2017/18, which would demonstrate a high level of performance to DCLG. A higher level of spending

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could be funded in 2017/18 by reversing some of the funding swaps made in 2015/16 or 2016/17.

- 2.7 The level of over-programming on the total LGF programme over the next four years has now fallen to £1.45m, which is under 1% over the remaining planned programme funding. This should be reduced by taking savings when they occur and by the inclusion of some interest earned on LGF grant.

Medicines Smart Packaging and drug-delivery (SmartMed)– Phase 1

- 2.8 'SmartMed' was one of 12 new LGF programme projects invited by the LEP Board in March 2016 to progress to submit a business case for funding of up to £250,000. This decision was endorsed by the North East Leadership Board in June 2016 and the subsequent business case has been received and recently positively appraised.
- 2.9 The project is led by the Centre for Process Innovation Ltd (CPI) who plan to undertake a first phase study into the establishment of a potentially globally leading medical industry packaging and devices innovation facility within the North East LEP area. The global healthcare sector is in the midst of change, largely driven by supply and demand pressures, patient lifestyle choices, longer life expectancies and a rise in chronic disease. This is presenting opportunities to address challenges across the supply chain, including development and delivery of cost-effective point-of-need diagnostics, devices and therapies, personalised/stratified medicines and the ability to use digital technologies
- 2.10 The outcome from this research project will be a User Requirement Brief (URB) document and a business case for Phase 2 of the project, which will form the foundation for the design of the innovation infrastructure.
The URB would entail the opinions and recommendations from the stakeholder community on:
- The Centre's strategic aims and business objectives for the first years of its existence
 - The Centre's technical infrastructure, potentially some detail on the layout of the building
 - Other topics that are deemed relevant and important by the stakeholders
- 2.11 The project is supportive of the Life Sciences and Healthcare Smart Specialisation Area priority set out in the North East Strategic Economic Plan and more specifically is a response to identified needs stemming from a Local Enterprise Partnership working group that has considered the further support needed to assist medicines manufacturing and medical technology companies in the Northeast.

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2.12 The initial project 'expression of Interest' budget request was for funding support of up to £250,000. This has reduced to £212,375 in the final business case. The Leadership Board is being asked to support this level of investment, from NECA's revenue budgets swapped with an equivalent capital budget from the LGF programme and subject to the North East LEP Board's formal approval of the project that is concurrently being sought to keep to the project delivery timetable.

2.13 The project approval is subject to the following conditions:-

- a. Any new innovation capability arising and developed as a consequence of this study must be located in the North East LEP area or otherwise, the North East LEP will, at its absolute discretion, be able to clawback 100% of the grant awarded;
- b. That the North East LEP Director of Innovation or his representative be invited as an observer onto the Project Advisory Group;
- c. A minimum matched additional £10,000, either in cash or in-kind, be confirmed and reported by the end of the first phase; and
- d. That the study explores cross-catapult collaboration opportunities to ensure there is complementarity, synergy and general support for any new innovation capability proposals in the North East.

3 Reasons for the Proposals

3.1 The North East LEP is responsible for the management of the Local Growth Fund (LGF) Programme, including decisions about new projects and changes to the programme. NECA, as the accountable body for the North East LEP, and for the Local Growth Fund grant, needs to include the LGF programme in its overall capital programme and helps implement the decisions of the North East LEP. The reason for this report is to set out the changes to the LGF programme that have been approved by the North East LEP, which need to be included in the NECA capital programme.

4 Alternatives

4.1 There are two options: -

Option 1 – The Leadership Board may accept the recommendations set out in this report; and

Option 2 – The Leadership Board may not accept some of the recommendations, if there are sound legal or financial reasons for not accepting the recommendations.

Option 1 is the recommended option.

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5 Next Steps and Timetable for Implementation

- 5.1 Final funding approvals will be subject to the detailed appraisal of business cases, which are subject to the approval of the LEP and will be subject to further reports to the Leadership Board or managed under delegated arrangements over the course of the next six to nine months. The Smart Med project grant agreement will be completed to enable the project to proceed, provided LEP Board delegated approval is given.

6 Potential Impact on Objectives

- 6.1 The timely delivery of projects within the Local Growth Fund Programme and Enterprise Zone will positively contribute to the delivery of the economic development objectives in the regional Strategic Economic Plan for the North East and Local Transport Plans, as well as those of individual local authorities' Local Plans.
- 6.2 The opportunity to include higher priority projects in the programme by reducing funding for projects that would deliver lower priority outputs and outcomes will result in a net additional contribution to SEP outcomes, in particular new jobs and GVA growth. The indicative benefits were identified as part of the Expressions of Interest forms. The net impact will be confirmed when the appraisal of the detailed business cases is completed and once the projects are completed.

7 Finance and Other Resources Implications

- 7.1 The proposals set out in this report will include new projects or programmes amounting to £59.177m; remove or reduce the funding for four projects amounting to £10.85m. This will result in a net increase in the LGF capital programme of £48.327m. Additional LGF grant funding of £49.7m has been approved by the department through LGF Round 3.
- 7.2 The implications for the programme for 2017/18 and future years are set out in Appendix A and in sections 2.5 to 2.7.
- 7.3 The level of over-programming in 2017/18 of 24.5% is considered satisfactory and is aimed at maximising the level of activity and the use of the Local Growth Fund grant in 2017/18. The overall level of over-programming against total resources has been reduced to £1.49m, which is considered to be manageable, by retaining savings that materialise; using additional interest on LGF funds; or by adjusting the final approvals taken towards the end of the programme period.

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8 Legal

- 8.1 Although there are no specific legal implications in relation to this report, the legal implications relating to specific projects referred to in this report must be considered.
- 8.2 In relation to the proposed changes to the existing projects, amendments to existing documentation entered between the parties may be required and Implications relating to State Aid.
- 8.3 For new projects appropriate Local Growth Agreements and any other ancillary legal or other related documentation will be required on behalf of NECA as the Accountable Body for the LEP.

9 Key Risks

- 9.1 Risks associated with project delivery will be considered through the development of individual project business cases.
- 9.2 The continuation of the principle of allocation 2.5% of funding to programme management costs, will help provide the necessary resources to help manage the programme effectively.
- 9.3 Not all of the additional funding has been allocated at this time, which has helped reduce the overall level of over-programming to less than 1%, which helps to manage the risk of overspending the total of available LGF grant.

10 Equalities and Diversity

- 10.1 Equality matters will be considered within the consultation, design and business case development of each individual project detailed in this report.

11 Crime and Disorder

- 11.1 There are no specific crime and disorder considerations arising from the contents and recommendations of this report. They will be considered further as part of the business case development for each project.

12 Consultation/Community Engagement

- 12.1 Local Authorities have been consulted on the proposals. Individual projects will be subject to community/consultation arrangements appropriate to the scale and nature of the projects. As an example, the IAMP project has been the subject to public community consultation and is currently subject to a formal planning enquiry.

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13 Other Implications

- 13.1 Environmental and sustainability considerations will be addressed on an individual project basis through the development of each project's business case, and where necessary, in project-specific Environmental Impact Assessments.

14 Appendices

Appendix A: Summary of the LGF Expressions of Interest

Appendix B: Summary of the 2017/18 LGF Programme

15 Background Papers

- 15.1 Confidential Funding Update Report to the North East LEP Board 25th May 2017

16 Contact Officers

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

17 Sign off

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

18 Glossary

CPI - Centre for Process Innovation Ltd
DCLG - Department of Communities and Local Government
GVA - Gross Value Added
IAMP - International Advanced Manufacturing Project
LEP - Local Enterprise Partnership
LGF - Local Growth Fund
NECA - North East Combined Authority
URB - User Requirement Brief

Project Name	Applicant	Maximum LGF allocation	Brief description
Scale up North East	RTC	£1,500,000	<p>Scale-up North East will deliver a cohesive package of business support to achieve the SEP's aspiration of 'increasing the density of Scale-up businesses in the North East LEP area by 50% by 2024'.</p> <p>This will be achieved through a package of revenue based business support funded by ERDF and a linked capital grant scheme funded via LGF.</p>
Institute of Technology (IoT)	North East LEP	£1,200,000	<p>DfE intend to launch a call for proposals to establish IoTs in Spring 2017, with the aim to raise prestige of technical education so that it is a credible high quality alternative to academic routes. £170m fund to establish institutions that specialise in delivering the higher technical skills, in areas with evidence of a higher skills level gap and clear learner demand. DfE estimate an initial network of around 10-15 IoTs. They should meet local economic needs for higher technical STEM skills</p> <p>The LGF grant will be used to provide match funding (10% of DfE bid value) for the final IoT bid from the North East LEP area. Discussions are progressing will local collages on the design of a collaborative bid</p>
Innovation Incubator Support Fund	North East LEP	£2,035,133	<p>The mini-programme has been designed to reduce the gap in provision of business incubator facilities in the North East. In comparison with examples of best practice the North East has relatively few incubator facilities enabling the development, demonstration and commercialisation of new ideas into business opportunities and in many cases current incubator provision does not provide the wrap-around support required to unlock potential.</p> <p>The Incubator Support programme aims to address this gap, by providing a dedicated, competitive grant fund for equipment and facilities enhancement to meet client needs.</p>

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Innovation Project Development Fund	North East LEP	£950,383	<p>To address a shortage in development funding to enable project ideas and new regional facilities and infrastructure to be developed in response to national and international funding calls, e.g. Industrial Strategy Challenge Fund and Catapult funds.</p> <p>By supporting a limited number of key projects to develop strong business cases this will help build capacity and secure investment to support strategically important and significant scale projects.</p>
Integra 61	Citrus Durham Limited	£1,500,000	<p>Integra 61 is a strategic mixed use housing and employment site southwest of Junction 61 on the A1 (M) at Bowburn. The employment sites have the ability to satisfy large-scale requirements of major national and multi-national companies with individual buildings of up to circa 1m sq ft. The project will put in place necessary highway and services to unlock the site.</p>
Gateshead Quays	Gateshead Council	£5,000,000	<p>The project will deliver a new regional purpose built arena, conference & exhibition centre big enough to compete for national and international business events. It will form part of a mixed-use scheme, with complementary hotel and beverage outlets, developed in partnership with the private sector. LGF funding will be used to support enabling works for the site.</p>
East Pilgrim Street	Newcastle City Council	£4,350,000	<p>The project help enable the first major office development on the East Pilgrim Street Southern block in Newcastle.</p> <p>LGF funded activities will include road realignment, subway infilling and public realm improvements and site clearance which will allow for the construction of a new grade-A office block in a JV arrangement.</p>
Newcastle Central Gateway	Newcastle City Council	£4,000,000	<p>This re-focused project will re-align the vehicular and pedestrian access points to the south and west of the Central Station in Newcastle, including moving the service area for taxis. The project will improve pedestrian access to both Stephenson Quarter and Forth Yards development sites.</p> <p>LGF funded activities will focus on the development improved access to the Orchard Street tunnel, traffic improvements and new access to the west of the station.</p>

North East Growth Deal: Local Growth Fund Project Status

APPENDIX B

Project Title	SEP Theme	Spend	Forecast		Total
		Previous Year(s)	Current Year	Future Years	
STEM & Innovation Centre	Skills	1,000,000	-	-	1,000,000
Facilities for Marine & Offshore Engineering	Skills	1,118,214	-	-	1,118,214
Rural Skills Development	Skills	10,000,000	-	-	10,000,000
Offshore and Wind Energy Training Facility (BEACH)	Skills	400,000	-	-	400,000
Centre for Innovation in Formulation (CIF)	Innovation	3,529,123	5,250,572	120,306	8,900,000
Newcastle Laboratory and Life Science Incubation Hub	Innovation	2,090,365	6,267,195	242,440	8,600,000
Sunderland Enterprise & Innovation Hub (FabLab)	Innovation	4,900,000	-	-	4,900,000
Low Carbon Energy Centre and Heat Network Newcastle Science Centre	Innovation	680,686	50,000	2,069,313	2,800,000
Netpark Infrastructure Phase 3	Innovation	1,501,543	3,589,598	-	5,091,141
Infrastructure for Forrest Park	Economic Assets	9,606,806	3,393,195	-	13,000,000
North East Rural Growth Network	Economic Assets	2,330,222	2,414,675	1,255,103	6,000,000
Swans West Berth Feasibility	Economic Assets	162,862	- 80,000	-	82,862
Quay Works Feasibility	Economic Assets	240,413	359,587	-	600,000
Swans Business Centre Phase 2 - Stage 1	Economic Assets	-	80,000	-	80,000
Swans Business Centre Phase 3	Economic Assets	-	80,000	-	80,000
Swans Plot 6 Demolition	Economic Assets	-	500,000	-	500,000
Swans Infrastructure Investment Plan (Stage 2)	Economic Assets	-	3,883,000	2,694,138	6,577,138
Lindisfarne Roundabout	Transport	4,116,434	1,989,270	-	6,105,704
Central Metro Refurbishment	Transport	2,510,000	-	-	2,510,000
Northern Access Corridor Phase 3 - Osborne Road to Haddrick's Mill (Stage 1)	Transport	326,957	308,042	-	635,000
Northern Access Corridor - Phase 2 & 3 (Stage 2)	Transport	2,646,858	532,143	1,025,000	4,204,001
Local Sustainable Transport Fund Programme	Transport	6,202,624	1,297,376	-	7,500,000
A19 employment corridor access improvements	Transport	2,047,749	2,652,251	-	4,700,000
A191 junctions (Coach Lane and Tyne View Park)	Transport	1,488,485	10,515	-	1,499,000
Newcastle Central Station to Stephenson Quarter (Stage 1)	Transport	850,000	-	-	850,000
Newcastle Central Station Gateway	Transport	-	300,000	3,700,000	4,000,000
A1056-A189 Weetslade roundabout improvements and A1-A19 link	Transport	3,436,897	893,104	-	4,330,000
Scotswood Bridgehead (Stage 1)	Transport	459,172	- 45,168	-	414,003
Six Majors - South Shields Transport Hub (Stage 1)	Transport	3,400,000	-	-	3,400,000
Six Majors - South Shields Transport Hub (Stage 2)	Transport	-	3,000,000	3,000,000	6,000,000
Six Majors - Sunderland Low Carbon Zone	Transport	5,653,192	296,809	-	5,950,000
Six Majors - A1058 Coast Road	Transport	3,600,104	2,922,897	-	6,523,000
Six Majors - Northern Access Corridor Phase 2 - Cowgate to Osborne Road (S	Transport	3,680,000	-	-	3,680,000
Six Majors - Horden Rail Station	Transport	161,795	698,205	2,480,000	3,340,000
Development of a STEM Specialist Centre	Skills	1,046,376	1,203,624	-	2,250,000
National Centre for Healthcare Photonics (Stage 1)	Innovation	199,721	19,398	-	219,120
National Centre for Healthcare Photonics (Stage 2)	Innovation	-	2,643,509	5,637,371	8,280,880
Sunderland Central Business District	Economic Assets	3,130,869	7,669,111	-	10,799,980
River Tyne Economic Development	Economic Assets	2,678,268	1,961,339	1,360,393	6,000,000

North East Growth Deal: Local Growth Fund Project Status

Project Title	SEP Theme	Actual Spend	Forecast		Total
		Previous Year(s)	Current Year	Future Years	
Traffic movements along A185/A194/A19 (The Arches) - Stage 1	Transport	507,573	142,084	-	649,657
Traffic movements along A185/A194/A19 (The Arches) - Stage 2	Transport	-	1,950,000	4,400,000	6,350,000
Metro Enhancements	Transport	-	3,500,000	3,500,000	7,000,000
A185 Port of Tyne Junction Improvements	Transport	-	389,147	1,000,000	1,389,147
Beacon of Light - World of Work	Skills	1,792,997	-	-	1,792,998
Northern Centre for Emerging Technologies	Innovation	968,830	-	-	968,830
East Sleekburn Site Reclamation & Dock Works	Economic Assets	4,440,736	-	-	4,440,736
Eagles Community Arena	Skills	-	1,100,000	-	1,100,000
Medicines Manufacturing & Medical Technology Innovation Infrastructure	Innovation	-	212,376	-	212,376
Explorer - Netpark	Economic Assets	1,202,662	1,997,378	-	3,200,000
Blyth Cowpen Road	Transport	378,253	221,747	-	600,000
Auckland Castle Welcome	Economic Assets	1,277,408	886,440	-	2,163,848
Phase II, Intersect 19, Tyne Tunnel Trading Estate	Economic Assets	1,107,200	252,122	-	1,359,322
Monkton South	Economic Assets	274,553	996,446	-	1,270,999
Durham City Incubator	Economic Assets	1,250,000	-	-	1,250,000
A19 North Bank Tyne (Swans) - Stage 1	Transport	175,000	-	-	175,000
A19 North Bank Tyne (Swans) - Stage 2	Transport	-	1,750,000	2,775,000	4,525,000
A19/A189 Seaham Murton interchange	Transport	-	100,000	4,100,000	4,200,000
International Advanced Manufacturing Park (IAMP)	Economic Assets	-	4,875,000	36,275,000	41,150,000
Institute of Technology (IoT)	Skills	-	600,000	600,000	1,200,000
Gateshead Quays	Economic Assets	-	500,000	4,500,000	5,000,000
A1 Junction 61, Bowburn - Integra 61	Economic Assets	-	200,000	1,300,000	1,500,000
East Pilgrim Street	Economic Assets	-	-	4,350,000	4,350,000
Scale up North East	Economic Assets	-	-	1,500,000	1,500,000
Innovation project development fund	Innovation	-	312,346	638,037	950,383
Incubator Support programme	Innovation	-	29,346	2,005,787	2,035,133
Skills, Business Growth and Innovation Mini-Programme	0	-	-	1,376,984	1,376,984
5G Testbed Development Study	Innovation	-	250,000	-	250,000
Programme Management Charge	NA	2,260,751	1,207,330	3,285,354	6,753,435
		114,693,334	76,612,009	96,190,226	271,633,891

Lifetime Grant Budget 270,137,414

Actual Revenue Interest 44,000

Balance Overprogrammed 1,452,477