



North East Leadership Board

Tuesday 21st April, 2015 at 2.00 pm

Members' Pre-meeting at 1.30 pm

Meeting to be held at Northumberland County Council, County Hall, Morpeth, NE61 2EF

www.northeastca.gov.uk

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the Previous Meeting held on 20 January 2015** **1 - 10**

For approval as a correct record

4. **Minutes of the Extraordinary Meeting held on 17 February 2015 (2015/16 Revenue Budget - Outstanding Issues)** **11 - 12**

For approval as a correct record

5. **Minutes of the Extraordinary Meeting held on 17 February 2015 (Growth Fund Update)** **13 - 14**

For approval as a correct record

6. **Update Reports from Thematic Leads**

(a) **Economic Development and Regeneration Update** **15 - 20**

(b)	Employability and Inclusion Update	21 - 30
(c)	Transport Update	31 - 44
7.	Mental Health Trailblazer	45 - 50
8.	Work Programme Localism	51 - 72
9.	Establishment of the Economic Development and Regeneration Advisory Board	73 - 84
10.	Inward Investment Function Proposals	

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.

11.	Financial Update	85 - 90
12.	Date and Time of Next Meeting	

Tuesday, 16 June 2015 at 2pm at Sunderland Civic Centre (Annual Meeting)

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

To All Members

North East Combined Authority

North East Leadership Board

20 January 2015

Meeting held: North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, NE27 0BY

Present:

Councillor: Henig (Chair)

Councillors Davey, Forbes, Henry, Malcolm and Watson and Mayor Redfearn

62 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Mr P Woolston.

63 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

64 **MINUTES OF THE PREVIOUS MEETING HELD ON 21 OCTOBER 2014**

The minutes of the previous meeting held on 21 October 2014 were approved as a correct record and signed by the Chair.

65 **THEMATIC LEAD UPDATE REPORT - 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 update report.

RESOLVED – That the report be noted.

66 **THEMATIC LEAD UPDATE REPORT - TRANSPORT**

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

Members considered the update report.

RESOLVED – That the report be noted.

67 **THEMATIC LEAD UPDATE REPORT - 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.

RESOLVED – That the report be noted.

68 **DEVELOPING A DEVOLUTION PROSPECTUS FOR THE NORTH EAST COMBINED AUTHORITY**

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

Members considered the report which summarised the outline proposals that could form the basis for discussions with the government and other stakeholders on opportunities for securing a substantial devolution of power, funding and responsibilities for the region. The ensuing discussion included matters such as:

- The importance of the devolution agenda;
- The importance of a consultation process that was inclusive of all key partners and stakeholders, including North East Local Enterprise Partnership (NELEP), voluntary groups and opposition parties;
- A suggestion that, at this stage, individual proposals should not be part of the submission to the government, and also the understanding that any individual proposals identified were initial ideas; and
- The importance of further discussions on individual proposals, including as part of discussions to agree policies for the region.

RESOLVED – That the outline proposals be endorsed as the basis for the Combined Authority to engage with the government ministers and other stakeholders, in securing greater devolution of funding, powers and responsibilities.

69 **2015/16 REVENUE BUDGET AND TRANSPORT LEVIES**

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 set out the 2015/16 Revenue Budget and Transport Levies for the North East Combined Authority (NECA) for consideration and approval. Amongst the matters discussed during the ensuing discussion were the following:

- the sufficiency of the resources allocated for the Authority, including for the performance of statutory duties and the core inward investment activity;
- the consultation process and the responses received;

- the importance of understanding controls around the Authority's grant to Nexus and the reasoning behind the application of the financial regulations of Nexus to the grant it received from the Authority;
- the importance of work to identify opportunities for securing additional funding sources;
- the statutory requirement to agree transport budget and levies by a deadline and the option to develop a plan in relation to any specific areas of concern;
- the level of clarity and transparency of this budget, which was welcome;
- the importance of effective working relationships with NELEP;
- instances where funding had been allocated without a competitive tender process;
- the importance of agreeing a budget that demonstrated value for money; and
- the elements that were included in corporate costs.

Following advice from the Monitoring Officer, Members agreed on a majority basis to consider each recommendation individually.

Members then voted on the individual recommendations.

DECISIONS

Recommendation (a)

- receive the report for consideration and approval.

In favour:

Councillors Henig, Henry, Forbes, Davey and Malcolm and Mayor Redfearn

Against:

Councillor Watson

RESOLVED – That the recommendation (a) was not agreed.

Recommendation (b)

- agree a transport revenue budget for 2015/16 of £89,177,328, as set out in section 5 of the report.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That a transport revenue budget for 2015/16 of £89,177,328, as set out in section 5 of the report, be agreed;

Recommendation (c)

- agree the following Transport Levies for 2015/16:

- i. Durham County Council £16,076,449
- ii. Northumberland County Council £5,900,879
- iii. Tyne and Wear Councils (detailed in table 7) £67,200,000

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That the following Transport Levies for 2015/16 be agreed:

- | | | |
|------|--|-------------|
| i. | Durham County Council | £16,076,449 |
| ii. | Northumberland County Council | £5,900,879 |
| iii. | Tyne and Wear Councils (detailed in table 7) | £67,200,000 |

Recommendation (d)

- agree a transport revenue grant to Durham County Council for the delivery of transport services of £16,071,510, as outlined in section 5.5.2.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That a transport revenue grant to Durham County Council for the delivery of transport services of £16,071,510, as outlined in section 5.5.2, be agreed.

Recommendation (e)

- agree a transport revenue grant to Northumberland County Council for the delivery of transport services of £5,895,940, as outlined in section 5.5.6.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That a transport revenue grant to Northumberland County Council for the delivery of transport services of £5,895,940, as outlined in section 5.5.6, be agreed;

Recommendation (f)

- agree a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £64,500,000, as outlined in section 5.5.13.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Mayor Redfearn

Against:

Councillor Watson

RESOLVED – That the recommendation to agree a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £64,500,000, as outlined in section 5.5.13, was not agreed.

Recommendation (g)

- agree to continue an annual contribution to fund the North East LEP core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714.29 from each of the seven councils in the NECA, as set out in section 6.1.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That an annual contribution to fund the North East Local Enterprise Partnership core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714.29 from each of the seven councils in the NECA, as set out in section 6.1, be continued.

Recommendation (h), as amended at the meeting

- agree to continue *an initial* base budget of £70,000 for core inward investment activity paid for by an equal contribution of £10,000 from each of the seven councils in NECA, as set out in section 6.7.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Mayor Redfearn

Against:

Councillor Watson

RESOLVED – That the recommendation to continue an initial base budget of £70,000 for core inward investment activity paid for by an equal contribution of £10,000 from each of the seven councils in NECA, as set out in section 6.7, was not agreed.

Recommendation (i)

- agree a budget for the corporate costs of the NECA of £300,000, paid for by an equal contribution of £42,857.14 from each of the seven councils in NECA, as set out in section 7.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That a budget for the corporate costs of the NECA of £300,000, paid for by an equal contribution of £42,857.14 from each of the seven councils in NECA, as set out in section 7, be agreed.

Recommendation (j)

- agree the Treasury Management and Investment Strategy set out in Appendix F and approve the statement on minimum revenue provision repayments for borrowed capital expenditure for 2015/16 as set out in Appendix G.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That the Treasury Management and Investment Strategy set out in Appendix F and approve the statement on minimum revenue provision repayments for borrowed capital expenditure for 2015/16 as set out in Appendix G be agreed.

Recommendation (k)

- agree to hold the level of reserves set out in section 11 and to note that the Chief Finance Officer considered this level of reserves to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the Combined Authority.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That agreement be given to holding the level of reserves set out in section 11. The Leadership Board noted that the Chief Finance Officer considered this level of reserve to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the Combined Authority.

Further discussion

It was further noted that a special meeting would be held in February 2015 to consider any key outstanding issues on budget.

70 **CAPITAL PROGRAMME 2015/16**

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

Members considered the report which outlined the capital programme proposals for 2015/16 and the funding sources identified to deliver the programme, covering a wide range of transport improvements and economic and regeneration initiatives.

Members voted on the recommendations.

In favour:

Councillors Henig, Henry, Forbes, Davey, Malcolm and Watson and Mayor Redfearn

RESOLVED – That the capital programme and its funding as set out in the report be agreed.

71 **APPOINTMENT OF THE MANAGING DIRECTOR (TRANSPORT OPERATIONS) AND CONFIRMATION OF DIRECTOR GENERAL OF THE PASSENGER TRANSPORT EXECUTIVE (NEXUS)**

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

Members considered the report which invited them to endorse the appointment of Tobyn Hughes as the Authority's Managing Director (Transport Operations) and to confirm his appointment as the Director General of the Passenger Transport Executive (Nexus).

RESOLVED – That:

- I. the appointment of Tobyn Hughes as the Authority's Managing Director (Transport Operations) be endorsed; and
- II. the appointment of Tobyn Hughes as Director General of the Tyne and Wear Passenger Transport Executive (Nexus) in accordance with Part II of Schedule 5 of the Transport Act 1968 be confirmed.

72 **REVIEW OF THE CONSTITUTION OF THE NORTH EAST COMBINED AUTHORITY**

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

Members considered the report which advised them of the outcome of an interim review of the Constitution that had been undertaken following the first six months of the operation of the North East Combined Authority and invited them to consider and agree the recommended changes.

Amongst the matters discussed during the ensuing discussion were the following:

- the proposals for substitute members for the Transport North East Committee, the Transport North East (Tyne and Wear) Sub-Committee and the Overview and Scrutiny Committee;
- the process and timescales for the implementation of the proposed and future changes; and
- the option to defer the review to a later date.

Members were invited to submit any additional comments to the Monitoring Officer.

Members then voted on the recommendation as set out in the report.

In favour:

Councillors Henig, Henry, Forbes and Davey and Mayor Redfearn

Against:

Councillor Watson

Abstention:

Councillor Malcolm

RESOLVED – That the recommendation that the Leadership Board should consider and agree the recommended changes to the Constitution as set out in the Appendix to the report was not approved.

73 **TEES VALLEY COMBINED AUTHORITY**

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

Members considered the report which provided an update on the consultation and overall timescales for the establishment of the Tees Valley Combined Authority and sought Members' approval for the submission of the proposed consultation response.

RESOLVED – That:

- I. the report be noted; and
- II. the consultation response, as set out in Appendix A, be submitted on behalf of the North East Combined Authority.

74 **CONSULTATION RESPONSE TO PROPOSALS TO AMEND THE LEGISLATION RELATING TO COMBINED AUTHORITIES AND ECONOMIC PROSPERITY BOARDS**

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

Members considered the report which invited them to consider and agree the North East Combined Authority's response to a consultation relating to proposed changes to the legislation concerning combined authorities and Economic Prosperity Boards.

RESOLVED – That the consultation response as set out at Appendix 1 be forwarded to the Department for Communities and Local Government.

75 **DATE AND TIME OF NEXT MEETING**

- An additional meeting would be organised in due course.
- The next ordinary meeting would be held on 21 April 2015 at 2pm at Northumberland County Council.
- The Annual Meeting would be held on 16 June 2015 at 2pm at Sunderland City Council.

76 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of section 100A and paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda items 14 - Confidential Minutes of the Previous Meeting held on 21 October 2014 because exempt information was likely to be disclosed and the public interest test was satisfied.

77 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 21 OCTOBER 2014**

The confidential minutes of the previous meeting held on 21 October 2014 were approved as a correct record and signed by the Chair.

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North East Combined Authority

North East Leadership Board

Extraordinary Meeting (2015/16 Revenue Budget – Outstanding Issues)

17 February 2015

Meeting held: County Hall, Durham, DH1 5UL

Present:

Councillor: Henig (Chair)

Councillors Davey, Henry (part), Kerr, McCarty and Watson and Mayor Redfearn

78 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Forbes and Malcolm.

79 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

80 **2015/16 REVENUE BUDGET - OUTSTANDING ISSUES**

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

Members considered the outstanding elements in respect of the 2015/16 revenue budget.

RESOLVED – That:

- I. The legal advice received be noted;
- II. A transport revenue grant of £64,500,000 to Nexus for the delivery of transport services in Tyne and Wear, as outlined in section 3, be confirmed;
- III. The proposed Economic Development and Regeneration arrangements outlined in section 4 of the report be noted; and
- IV. The current £70,000 base budget for inward investment be continued and funded by equal contributions from all seven councils, with a further, more detailed report on arrangements and recommendations for increasing the level of investment be submitted to the next meeting.

81 **DATE AND TIME OF NEXT MEETING**

The next ordinary meeting would be held on 21 April 2015 at 2pm at Northumberland.

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North East Combined Authority

North East Leadership Board

Extraordinary Meeting (Growth Fund Update)

17 February 2015

(2.15 - 2.20 pm)

Meeting held: County Hall, Durham, DH1 5UL

Present:

Councillor Henig (Chair)

Councillors Davey, Henry, Kerr, McCarty and Watson and Mayor Redfearn

82 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Forbes and Malcolm.

83 DECLARATIONS OF INTEREST

There were no declarations of interest.

80 GROWTH FUND UPDATE

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

Members considered the report which provided an update on the latest announcement about the additional growth deal funding for the North East, set out information about requirements and payment arrangements, outlined decisions about the use of funding from the North East Investment Fund for four projects agreed by the North East Local Enterprise Partnership (NELEP) Board and set out information about the procurement arrangements in relation to the North East Growth Hub.

The Chair welcomed the report and the collaborative work to date.

RESOLVED – That:

- I. The announcement of an additional £40.6m of Growth Deal Funding for the North East as set out in section 3 of the report be noted;
- II. The letter of 6th February 2015 that set out grant payment arrangements for 2015/16, the status of commitments for future years and the funding requirements be noted;

- III. The 29 January 2015 decisions of the NELEP Board about the use of £5.625m of the North East Investment Fund for four projects, as set out in section 5 of this report, be noted, and the Monitoring Officer be authorised, in consultation with the Head of Paid Service and the Chief Finance Officer, to enter into the relevant funding agreements to implement these decisions; and
- IV. The progress made to establish the North East Growth Hub, as set in section 6 of the report and as reported to the NELEP Board in January 2015, be noted, and the Monitoring Officer be authorised, in consultation with the Head of Paid Service and Chief Finance Officer, to enter into the relevant contractual arrangements.

81 **DATE AND TIME OF NEXT MEETING**

The next ordinary meeting would be held on 21 April 2015 at 2pm at Northumberland.

Leadership Board

DATE: 21 April 2015

SUBJECT: Economic Development and Regeneration Update

REPORT OF: Economic Development and Regeneration Thematic Lead

EXECUTIVE SUMMARY

This report provides an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

RECOMMENDATIONS

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

North East Combined Authority

Leadership Board

1 Executive Summary

- 1.1 This report provides an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

The Leadership Board is recommended to receive the update for information.

2 Economic Development and Regeneration Advisory Board

- 2.1 Progress has been made on the development of arrangements to establish an Advisory Board for the Economic Development and Regeneration theme. The proposal to establish the Board and associated Terms of Reference are contained within a separate report on this agenda.

3 Regional Investment Plan

- 3.1 Officers from the seven NECA local authorities have made progress on the development of a draft project pipeline to form the basis of a regional investment plan. Using a combination of the economic priorities set out in the Strategic Economic Plan and the land use policies in the local planning documents, the group is making the links between the needs of business and the availability of development land.
- 3.2 The eventual plan will provide the confidence that the development necessary to support economic growth in the area can be delivered in a planned and sustainable way. It will also provide the basis on which all types of development are linked so that there is a clear relationship between economic development, housing development, transport investment and the development of the area's towns and cities.
- 3.3 The detail of the work and a draft plan will be presented for the Leadership Board's consideration in due course.

4 Recent Investments and Funding

- 4.1 The NECA, NELEP and other stakeholders have continued to work with local companies to support their growth plans. Recent announcements have included a joint venture between Capita and Newcastle University to deliver a £9m Joint Research Institute for DEFRA and an allocation of £21.9m from the sixth round of Regional Growth Fund which included funds towards a pharmaceuticals manufacturing plant in Peterlee that will create in excess of 300 jobs.
- 4.2 Further funding allocations announced as part of the recent Budget statement, are outlined in the Financial Issues report, also on this agenda.

North East Combined Authority

Leadership Board

5 Inward Investment

- 5.1 Progress has been made on the development of arrangements to build on the existing Investment Gateway facility, to create a regional Inward Investment function.
- 5.2 Further details are contained in a separate report on this agenda.
- 5.3 In the meantime, the NECA Gateway Officer is continuing to work with local authorities and others to offer a comprehensive and coordinated response to potential investors in the region.
- 5.4 Subject to final verification, in the first three quarters of 2014/15, the NECA local authorities reported 47 investment successes by foreign owned companies in the North East. Nine of these are investments by new companies to the area, with the remainder representing further reinvestments in existing operations, leading to an expansion of the companies' workforces. Together, these investments will lead to the creation of over 3,000 new jobs.

Key companies announcing significant investments include:

- Lear Corporation (automotive);
- TRW Systems (automotive);
- Hewlett Packard (ICT);
- Siemens (energy) + (advanced manufacturing) – two investments at different sites
- Cofely (shared services);
- Deloitte (financial services)
- Gestamp Tallent (automotive)
- Ubisoft (software and games)
- Teleperformance (BPO/outourcing)
- Contec (Life Sciences).

In terms of sector representation, the 47 successes reported are from the following broad sectors:

- Automotive – 12
- Digital – 10
- Other High Value Engineering – 8
- Lifesciences (including pharmaceutical) – 6
- Business, Financial and Professional Services – 5
- Energy – 3
- Other - 3

6 Potential Impact on Objectives

- 6.1 The report sets out issues that will support the Authority in meeting its objectives.

North East Combined Authority

Leadership Board

7 Finance and Other Resources

7.1 There are no additional financial implications arising directly from this report.

8 Legal

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

9 Other Considerations

9.1 Consultation/Community Engagement

There are no issues arising from this report for consultation.

9.2 Human Rights

There are no specific human rights implications arising from this report.

9.3 Equalities and Diversity

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

9.4 Risk Management

There are no specific risk implications arising from this report.

9.5 Crime and Disorder

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

9.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

10 Background Documents

10.1 North East Strategic Economic Plan – More and Better Jobs

11 Links to Plans in the Policy Framework

11.1 This report links to the Strategic Economic Plan and other plans in the Policy Framework.

North East Combined Authority

Leadership Board

12 Appendices

12.1 None.

13 Contact Officers

13.1 Janet Johnson, janet.johnson@sunderland.gov.uk, 0191 561 1114

13 Sign off

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

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North East Combined Authority

North East Leadership Board (NELB)

REPORT FOR INFORMATION

DATE: 21 April 2015

SUBJECT: Employability and Inclusion Update

REPORT OF: Thematic Lead for Employability and Inclusion

1 Executive Summary

1.1 The officer- based Employability, Inclusion and Skills (EIS) Steering Group which supports the thematic lead for Employability and Inclusion has now developed an Operational Plan to steer its work in 2015.

1.2 This Operational Plan is essentially founded on three Programme Areas that are derived from the Strategic Economic Plan (SEP):

- To develop a strategy to tackle worklessness, low skills, and dependency
- To develop a comprehensive and integrated youth employment strategy
- To collaborate with NELEP to provide a demand led education and skills system that reflects the needs of employers

1.3 Within each Programme Areas, a number of strategic initiatives are being developed and/or delivered. This report provides a progress update on these where appropriate; as well as outlining the latest position with regard to the release of the European Social Fund (ESF). It should also be noted that a separate item on the agenda provides a comprehensive outline on the steps being taken with regard to the localism of the Work Programme.

2 Recommendations

2.1 It is recommended that the Leadership Board:

- welcome and endorse the expansion of the current Apprenticeship Hub model to a wider Apprenticeship Growth Partnership (AGP) charged with delivering the priorities outlined in paragraph 4.7;
- note that further work is being undertaken to explore the scope for the Combined Authority to secure further freedoms and flexibilities from Government to assist in meeting the apprenticeship growth targets of the SEP which are consistent with current national policy;
- welcome and note the progress being made in implementing the Generation NE programme;
- welcome the preparation of a cohesive Investment Portfolio for

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employability, inclusion and skills to inform the subsequent investment of the European Social Fund;

- endorse the creation of an Inclusion Focus Group to advise the EIS Steering Group on the broad composition and strategic fit of the emerging ESF programme for Thematic Objective 9 which relates to social inclusion; and
- acknowledge that future update reports, and those to the NELEP Board, should be fully integrated with the equivalent reports for Skills

3 Apprenticeships

3.1 The SEP sets ambitious targets for apprenticeship growth across the Combined Authority area. These include:

- doubling the number of Youth Apprenticeships over the next four years, from 6,500 to 13,000
- doubling youth Advanced Level Apprenticeships from 2,000 to 4,000 in engineering and other skills linked to key growth sectors
- achieving an additional 500 employers providing Apprenticeship places within three years

3.2 In light of this, a North East Apprenticeship Hub was established. Its purpose was to provide an additional resource, and to bring together employers, Apprenticeship providers and other partners in the NELEP area, to increase the take-up of Apprenticeships among employers and young people.

3.3 In addition, research was commissioned to provide an evidence base that could be used to develop objective, evidence-based priorities and actions for the Apprenticeship Hub. The focus was on understanding current and future needs and opportunities in the Apprenticeship market, and identifying priority actions with the greatest potential to impact on achieving the required growth in Apprenticeship numbers, at the same time as meeting the needs of employers and the local economy, including the area's priority sectors.

3.4 This work has confirmed that, overall, the take-up of Apprenticeships in the NECA area mirrors national trends. There was a significant growth in 2010/11 (from 13,410 to 25,360), with starts remaining broadly constant in 2011/12 (3% growth) and 2012/13 (3% fall). Further analysis of these figures indicates that:

- Apprenticeship starts by 16-19 year olds in the NELEP area fell by 33% between 2010/11 and 2012/13 (from 8,780 to 5,890) compared to a

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national fall of 13%. This fall was in Intermediate Apprenticeships; the number of Advanced Apprenticeships starts by young people in 2012/13 was similar to that in 2010/11 (though lower than in 2011/12).

- Intermediate (Level 2) Apprenticeship starts continue to outnumber Advanced Apprenticeship starts, though the balance is more even among adults than among young people. Advanced Apprenticeships accounted for 45% of starts by adults in 2012/13, and 35% of starts by 16–19 year olds.
- Higher (Level 3) Apprenticeship starts are almost all by adults (aged 19+). The number of Higher Apprenticeship starts has risen, though numbers remain relatively low compared with other programme types (690 starts by adults in 2012/13, and 10 starts by 16–18 year olds).
- Data provided by the National Apprenticeship Service (NAS) shows that in the North East, 18% of all work places employed Apprentices in 2012/13, the highest of any English region.

3.5 It also provided some evidence of mismatches between Apprenticeship demand and supply, including:

- An insufficient pool of high quality applicants for Apprenticeships in key growth sectors which are experiencing current and future skills shortages. This is focused mainly on engineering, and advanced manufacturing.
- A need to stimulate extra demand in key growth sectors where the penetration of Apprenticeships is relatively low. This includes: IT and digital; business services; and creative and cultural industries.
- Insufficient applicants for Apprenticeship jobs in catering, sales, and health and social care, often because of the low pay and antisocial working hours associated with these sectors.

3.6 The study subsequently identified activities to address those barriers to increasing Apprenticeship take-up where a positive difference could realistically be made locally, and where there are gaps or weaknesses in the current activity providing a clear justification for an additional resource to help tackle these weaknesses.

3.7 As a result, four priorities have been identified:

- Priority 1: A substantial activity programme to improve school engagement in Apprenticeships
- Priority 2: A sustained programme to improve the work-readiness of young people

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North East Leadership Board (NELB)

REPORT FOR INFORMATION

- Priority 3: Information for employers new to Apprenticeships
 - Priority 4: Enhanced marketing and PR campaigns to support increased take-up and quality
- 3.8 The study also confirmed that the most likely way of achieving a significant increase in Apprenticeship take-up is to secure support from the widest possible range of organisations. On this basis, the study evidence indicated that:
- the co-ordinating body must adopt a broad, multi-partner approach
 - all partners should work towards a clear, commonly understood objectives and collectively develop and deliver a programme of activities built around the four key priorities
 - all partners should ensure that the approach adds value to current activities and does not become a committee or a small group of organisations trying to control the Apprenticeship market
- 3.9 Reflecting these principles, the study suggests that the 'Apprenticeship Hub' model should be replaced with an 'Apprentice Growth Partnership' (AGP). To better reflect the recommended multi-agency partnership approach. On this basis, the current Apprenticeship Hub Steering Group should be discontinued and replaced with a new, multi-partner Management Board. Membership should be broadened to include strong representation from employers and schools (and/or their representative organisations), as well as IAG providers, and Jobcentre Plus.
- 3.10 Notwithstanding this, it also has to be recognised that many of the barriers associated with increasing the number of apprenticeships are structural, resulting from national policy, the underlying functioning of the education system, or the fundamentals of how businesses, the economy and the labour market work. Examples include:
- Apprenticeships not being prioritised in some schools as an attractive next step at post-16
 - Weaknesses in the employability skills of some young people leaving the education system
 - Poor Apprenticeship wages and terms and conditions offered by some employers
 - The preference of some businesses to use alternative methods to recruit and train the workforce.

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3.11 It is there suggested that, within the context of the wider devolution discussion, further work is carried out in collaboration with Government as to whether the Combined Authority could secure further freedoms and flexibilities to assist in meeting the apprenticeship growth targets of the SEP which are consistent with current national policy.

3.12 In terms of next steps, the report will now be widely circulated and the recommendations progressively implemented. To steer this activity, an action plan is being developed, which will incorporate a resources plan.

4. Youth unemployment

4.1 Youth unemployment continues to be a concern across the Combined Authority and is a strategic priority within the SEP. Despite reductions, the rate of youth unemployment remains higher in the north east than all other regions. The Jobseekers Allowance (JSA) claimant count among 18-24 year olds has fallen steadily month-on-month from a high point in March 2012, but remains disproportionately high at 4.9% in the NECA area, against a 3.2% GB average.

4.2 Through the Newcastle City Deal, £4.5m was secured from Cabinet Office for a locally designed and delivered programme to reduce youth unemployment and stem the number of young people needing to be referred to Work Programme. On successful completion of a business case, the programme began operation in June 2014 across Durham, Gateshead, Newcastle, North Tyneside and Northumberland, with a budget of £4.5m over 2014-17. The programme has involved full engagement with Jobcentre Plus (JCP) in design and delivery from the outset.

4.3 In light of devolution negotiations, the programme – now branded Generation NE – offers an opportunity to demonstrate that a locally designed and delivered employment support programme can effectively deliver through a well co-ordinated and joined up local approach.

4.4 Generation NE aims to help over 4,000 young people into employment through individually tailored support delivered by a team of dedicated employment advisors. In addition, peer mentors will help young people with personal and social issues or challenges that need more intensive support to overcome. There is scope to support young people with financial barriers including travel costs, interview and work clothes. The main outcome for the programme is the progression of young people into sustained employment, including apprenticeships. Dedicated resources for in-work support have been built into the design of the programme which will test new approaches to delivering in-work support, particularly the effective use of social media.

4.5 Along with direct support for young people, the programme recognises that effective engagement with businesses and encouragement to increase

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employment from the cohort is critical to its success. Promoting the benefits of employing young people is the key focus. A team of business advisors directly engage with local businesses to gain an in-depth understanding of their recruitment and training needs and generate opportunities for young people. It is recognised that small firms in particular may need support and advice with recruitment and training. As well as generating direct employment opportunities, this will include a drive to increase the volume and quality of apprenticeships open to young people.

4.6 A mission of the programme is to offer a simplified, responsive and coordinated service, ensuring quality assured support for both businesses and young people. To support this, a partnership co-ordinator manages relationships with a range of complementary services and ensures a good understanding of the quality and effectiveness of their delivery.

4.7 The model has three core elements:

- **Young person's commitment.** The programme targets support to 17-24 year olds unemployed for at least 13 weeks. Jobcentres refer to the programme where the young person needs more targeted and intensive support. The young person is offered tailored support to find work in exchange for a commitment to engage with the programme. A team of employment advisors (currently one in each local authority area) provide individual support. The advisor makes an assessment of need, develops a plan of action in consultation with the young person, and brokers the support they need to progress to work. Support continues when the young person is in work to help them sustain the job. A flexible fund can be allocated, at the discretion of the advisor, where the barrier to work is financial. Peer mentors will be matched to young people who would benefit from it.
- **Employer campaign.** Businesses often perceive a complex support landscape across a range of national, regional and local services and modes of delivery. The programme aims to give employers a simplified system of support. It provides an opportunity to test out local models of business engagement, to change the conversation with employers – to drive up opportunities for young people, and business engagement with the wider support system.

The employer campaign was launched on 20 February with a range of local business leaders and young people participating in a round table debate on *'Making it easier for SMEs to give young people a chance'*. The event was received very favourably and gained significant local media coverage through press, television and radio. An assessment is being made as to its impact on employer interest.

- **Support to businesses.** The team of business advisors has a remit to provide wider support and account management and make a simple, clear offer of support to businesses. This includes practical measures such as

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access to flexible funds to remove organisational barriers to recruitment of young people and brokerage of business support from a range of sources.

- 4.8 In terms of performance, the programme is actively supporting 460 young people (as of March 2015), with over 140 young people having moved into employment. Within the next two months there will be a substantial increase in staff capacity in the programme and at this stage the number of young people engaged with the programme is expected to grow significantly.
- 4.9 Current programme performance is on broadly on target when compared to the resource committed at this stage. However, the number of referrals onto the programme from Jobcentres has been lower than initially expected. This may be in part an indication of the state of the labour market, with fewer young people becoming unemployed as the Jobseekers Allowance claimant count is steadily falling. However, steps are being taken to increase the number of referrals from JCP and other partners in coming months, in parallel with expanding staffing resources.
- 4.10 As this is a significant policy area both locally and nationally a comprehensive evaluation will be carried out in conjunction with the Cabinet Office. The evaluation will consider both impact and value for money and also areas of best practice linked to the devolution agenda. In addition, officers are considering insights that can be gained from the implementation and delivery of the programme on an on-going basis.
- 4.11 The next steps are:
- To continue to implement and scale up the Generation NE programme
 - To consider applications for ESF funds to develop or extend the programme
 - To produce case studies to give examples of programme impact and drive business engagement
 - To consider practical lessons to be learned for future devolution opportunities of similar services.
- 4.12 Further updates reports will be presented to the Leadership Board as the Programme progresses.

5. European Social Fund

- 5.1 The EIS Steering Group continues to work with NELEP to further develop the approach to European Structural and Investment Funds (ESIF) 2014-20. To recap, there is a total of almost £550million available through the European Social Fund (ESF) and associated matched finance for employability, inclusion and skills.

- 5.2 This investment will be managed through:
- a suite of “opt-ins” whereby Government departments/agencies will co-finance and commission an element of the ESF allocation to deliver eligible activity to reflect local priorities
 - a set of open calls, whereby the ESF match has to come from local funding streams from across the public, private, voluntary and community sectors to address particular local priorities
- 5.3 This is a complex picture and presents particular challenges in ensuring that local priorities are properly reflected in the investment programme and that there is clarity as to which ESF activities will be supported via which route. On this basis, the various investment strands are currently being pulled together into a cohesive Investment Portfolio for Employability, Inclusion and Skills. This document will subsequently support the development of robust investment specifications for priority activities articulated in the SEP.

Social Inclusion

- 5.4 Within this context, there is also a shared recognition across both the LEP and NECA that relevant partner organisations, particularly from the voluntary and community sector (VCS), need to be proactively engaged in the ongoing development of the relevant elements of this programme.
- 5.5 However, such engagement is significantly complicated by the need to maintain appropriate “ethical walls” between the commissioning and procurement phases of the programme. In other words, there are restrictions as to the extent potential recipients of ESF grant can be involved in shaping and designing the scope and nature of the commissions they will subsequently bid into.
- 5.6 Given this scenario, it is proposed that with regard to inclusion, a tightly-defined Focus Group is established to advise the EIS Steering Group on the broad composition and strategic fit of the emerging ESF programme for Thematic Objective 9 which relates specifically to social inclusion. Membership of the Focus Group will include the voluntary and community sector, social enterprise, and equality and non-discrimination representatives from the NELEP ESIF Sub-Committee to ensure alignment.

6 Working with the LEP

- 6.1 Given the interdependence between the employability and inclusion, and skills themes within the SEP, the respective leads from NECA (Employability and inclusion – Councillor Grant Davey) and NELEP (Skills – Andrew Hodgson) have a close working relationship which is structured around bi-monthly meetings.
- 6.2 It is now considered that this arrangement should be taken a step further with future update reports to the Leadership Board (and their equivalents to the NELEP Board) to reflect the entire employability, inclusion and skills agenda. This would ensure that all matters of common interest are considered together thereby facilitating greater integration and the scope for adding value. From a Skills perspective, these include the Education Challenge and the Skills Pilot.

7 Potential impact on objectives

- 7.1 The work being taken forward is consistent with the Combined Authority's stated objectives.

8 Finance and other resources

- 8.1 Financial plans will be developed and reported to the Board as appropriate.

9 Legal

- 9.1 The legal implications of the work being taken forward will be considered as delivery progresses.

10 Other considerations

10.1 Consultation/community engagement

No consultation or community engagement has been undertaken at this developmental stage in the work programme.

10.2 Human rights

There are no specific issues arising from this report.

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10.3 Equalities and diversity

There are no specific issues arising from this report.

10.4 Risk management

Appropriate risk management arrangements will be put in place as delivery progresses.

10.5 Crime and disorder

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

10.6 Environment and sustainability

There are no specific issues arising from this report.

11 Background documents

None

12 Links to plans and policy framework

Strategic Economic Plan – More and Better Jobs

13 Appendices

None

14 Contact Officer

The contact officer for this report is: Geoff Paul, Director of Planning, Economy and Housing, Northumberland County Council. Email: geoff.paul@northumberland.gov.uk

15 Sign off

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

North East Combined Authority

Leadership Board

DATE: 21 April 2015
SUBJECT: Transport Update
REPORT OF: Thematic Lead for Transport

EXECUTIVE SUMMARY

This report outlines details of major transport developments and funding announcements since the last update report was provided to the previous meeting of the Leadership Board on 20 January 2015.

RECOMMENDATIONS

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

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1. Transport developments and announcements since the previous report

1.1 Since the last full meeting of the Leadership Board, there have been a number of significant transport announcements affecting the North East and these are detailed below. Whilst the region has maintained its successful track record in securing or being shortlisted for funding (this report includes details of 3 such instances), this does again highlight the government's emphasis on short-term funding opportunities and specific projects selected by Whitehall, instead of the secure long-term devolved funding streams that the region has been calling for.

2. Transport for the North

2.1 As previously advised, the North East Combined Authority has been working as part of the Transport for the North (TfN) partnership, to promote investment in key inter-city connections across the north of England.

2.2 A Northern Transport Strategy report titled "The Northern Powerhouse: One Agenda, One Economy, One North" was published on 20th March 2015. The NECA has been actively involved in developing this report and, as our local authority representative on the TfN Partnership Board, I have been making the case for the interests of the region in order that our strategic transport priorities are fully recognised. Through the negotiation process, we have sought to ensure that the North East benefits fully from the improvements to transport infrastructure which are at the heart of TfN's proposals for unlocking economic growth.

2.3 As a result of our strong advocacy, the report recognises the strategic economic significance of Newcastle International Airport, the Port of Tyne, the East Coast Main Line and the A1/A19, all links that play a vital role in connecting our region to national and international markets and that make it easier to share goods, knowledge and talent across the North. There is an important recognition of the need for investment in the critical North East corridor between Newcastle and Leeds and the need for investment in trans-Pennine links, which deliver benefits for our connections to the North West and the Midlands.

2.4 I attended the launch event in Liverpool on 20th March where leaders from across the North welcomed the proposals in the strategy, which mean that businesses and passengers will see improvements to their journey times and the quality and frequency of rail connections. Smart ticketing and joined-up customer information will be introduced across Northern England. Traffic congestion and bottlenecks will be tackled.

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2.5 The report includes a range of proposals (some of which have been previously announced) that would benefit the North East including:

1. A £2.7billion investment to introduce new 140mph InterCity trains on the East coast Main Line increasing capacity and speed on one of the country's principal rail routes. Rail journey times to and from the North East will be dramatically shorter – cutting half an hour off the fastest journey between Newcastle and Leeds and reducing the journey time to Liverpool by an hour
2. New and better trains on all Northern franchise services - replacing outdated Pacer trains to tackle overcrowding and introducing free wifi. There will also be investments in stations and extra services.
3. Consideration of re-opening the Leamside Line through County Durham and Washington to relieve traffic on the East Coast Main Line between Newcastle and Northallerton.
4. An upgrade of the A1 to provide continuous motorway standard between London and Newcastle – an investment which would see the A1 upgraded to modern dual carriage way standard to Ellingham creating 34 miles of Expressway to better connect Northumberland with the rest of the country.
5. Capacity improvements to the A19 to benefit journeys to and from the North east and Tees Valley, and a commitment to ensuring motorists in the North get relief from the worst traffic jams - including widening the Newcastle Gateshead Western Bypass.
6. As part of the next generation of major road improvements, consideration will be given to schemes which dramatically improve east-west connections – including significantly upgrading the A66 from Scotch Corner to the M6, and exploring options to significantly upgrade the A69 from Newcastle to Carlisle. Further dualling of the A1 to the Scottish border is also included in possible schemes beyond 2020.
7. Recognition that the £1billion private sector investment in Northern ports infrastructure such as Teesport and the Port of Tyne to meet the future needs of the shipping industry must be matched by transport infrastructure improvements. Upgrades to the A1, A19, A69 and A66 all form part of the plan to improve connections to and from Port of Tyne and Teesport.

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8. A single unified smart ticketing system across the north that makes travel by rail, bus, metro and tram as simple and convenient as possible. This would include simplified customer information and a consistent approach to fares.
9. A recognition of the strategic importance of Newcastle International Airport which, alongside Manchester, serves a particular function in providing for business and leisure flights to international destinations – including acting as a key connector to Heathrow, Schiphol, Newark and Dubai.
10. Following the recent devolution of Air Passenger Duty, the Government will launch a review into the implications for northern regional airports, like Newcastle, to be published by summer 2015.

2.6 TfN will be established as a representative body for the whole of the north of England with an independent Chair, supplemented by the expertise of all partners. Up to £12.5m will be available to take forward development work on the proposals. The North East Combined Authority will continue to be actively involved to ensure that our aspirations are realised and that Government, the Highways Agency and Network Rail deliver on their commitments.

3. Transport Vision for the North East

3.1 In January, we reported that preparatory work would be taking place to inform a new vision for transport across the whole NECA area, meeting our statutory obligation as a transport authority and forming a basis for funding proposals. This was discussed at TNEC's Rail Seminar on 13th January where Members and Leaders expressed a wish to adopt a people- focused approach emphasising the importance of transport as an 'enabler' that facilitates access to services and facilities and ultimately promotes economic growth, prosperity and well-being for all our residents.

3.2 Following on from this direction, it is therefore recommended that a two-stage process take place as follows:

- A short and accessible "Vision for Transport" will be submitted to TNEC for discussion in July 2015 followed by a wide-ranging public consultation. This document will outline the Combined Authority's proposed vision for a transport network that is integrated, accessible and truly sustainable at every stage of the journey from front door to destination, helping to support economic growth, reduce inequalities and contribute to our public health agenda

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- This vision and the results of the consultation will then inform a more detailed Transport Plan, to be completed by April 2016, which will be a statutory document subject to further formal consultation and which would help to underpin future bidding for resources.

3.3 Regular reports will be taken to the Transport North East Committee offering Members the opportunity to discuss and inform the development of the Transport Vision and the ensuing Plan. There will also be the opportunity for substantial public engagement and debate.

4. Local Growth Fund Transport Schemes

4.1 As the Leadership Board will be aware, in 2014 it was announced that 15 road and public transport schemes, plus a Local Sustainable Transport Fund package, due to commence delivery in 2015/16, had been granted funding from the Local Growth Deal. As part of the deal, a provisional funding allocation has also been made for five more projects starting in 2016/17.

4.2 Scheme promoters are currently finalising the business cases for schemes due to begin in 2015/16 and, once the schemes have satisfactorily completed an independent assessment process, they will be brought forward to this Board or to the Transport North East Committee for final approval to release funding.

5. Roads

5.1 Government published the first Road Investment Strategy (RIS) on 1st December 2014 and an update on the RIS was provided to the January meeting of NELB.

5.2 As part of the RIS, a strategic study of the Northern Trans-Pennine corridor (A66/A69) has been commissioned which will explore the case for dualling the A69 and/or A66, with the aim of creating a new strategic link across the Pennines in northern England and further helping the development of a 'Northern Powerhouse'.

5.3 Previous strategic studies in the north east (A1 Western Bypass Feasibility Study and A1 North of Newcastle Feasibility Study) have led to significant investment in the region's strategic road infrastructure forming an important part of RIS1. The Northern Trans-Pennine strategic study will begin in 2015 and is expected to be completed in 2016/17. The outcomes

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of the strategy will inform RIS2 in 2017/18.

- 5.4 The terms of reference for the study management group are being produced and technical support and work is in the process of being commissioned. NECA officers attended a stakeholder workshop to inform management of the study process on 27th February 2015.
- 5.5 It is anticipated that the study will be taken forward through Transport for the North as part of new joint working arrangements with Highways England. Further stakeholder meetings will take place after the election.

6. Rail

6.1 East Coast Main Line franchise commencement

- 6.1.1 Inter-City Railways, the Stagecoach/Virgin consortium operating the East Coast Main Line, began operation on 1st March 2015. The franchisee has outlined ambitious plans to grow traffic on the route involving investment of £140m to deliver a range of improvements that include more trains from Newcastle to London and (subject to Office of Rail Regulation approval) new direct links to Sunderland.
- 6.1.2 NECA will continue to liaise with the franchisee to ensure delivery of the promised improvements in the north east.

6.2 New Open Access proposals from First Group and Alliance Rail

- 6.2.1 Alliance Rail Holdings are seeking to run hourly services between Edinburgh and London from 2016, calling at Newcastle, under the name of Great North Eastern Railway Co Ltd. First Group, one of the unsuccessful bidders for the ECML franchise, are seeking approval to run several trains a day between London King's Cross and Edinburgh from 2018, via intermediate stations at Stevenage, Newcastle and Morpeth.
- 6.2.2 Both companies have submitted formal track access rights applications to the Office of Rail Regulation. The ORR will need to assess how best to utilise the limited capacity on the route north of Northallerton, taking into account also the aspirations of Inter-City Railways for additional services. This underlines how crucial it is that investment is secured to address this constraint and enable the delivery of additional passenger and freight services. In the short term however, whichever mix of these services is granted access, the NECA area's rail connectivity should improve.

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6.3 Rail North- Update

6.3.1 Rail North have continued to work with the DfT in order to inform the Invitation to Tender (ITT) for both TransPennine Express and Northern rail franchises.

6.3.2 Following governance changes agreed last year, to put Rail North on a more formal footing, Rail North Limited held its first Board meeting on 20th March 2015, at which a formal agreement was signed with the Secretary of State for Transport devolving more power to the organisation in the management of the TransPennine and Northern Rail franchises.

6.3.3 In my capacity as Chair of the Transport North East Committee, I am representing the North East Combined Authority on Rail North, with Cllr Neil Foster from Durham Council as the designated deputy.

6.4 Northern and TransPennine Express Franchises

6.4.1 The Invitation to Tender (ITT) for the Northern and TransPennine Express franchises was published on Friday 27th February 2015 with both franchises due to start on 1st April 2016 and being managed jointly by a Rail North/DfT partnership team based in Leeds.

6.4.2 In the Summer of 2014, the DfT announced those who had been invited to submit proposals. For the Northern rail franchise; Abellio Northern Ltd, Arriva Rail North Ltd, and Govia Northern Ltd have been shortlisted. For the TransPennine Express franchise the three bidders who have been shortlisted are; First TransPennine Express Ltd, Keolis Go-Ahead Ltd and Stagecoach TransPennine Express Trains Ltd.

6.4.3 Key points for the NECA area arising from the ITTs include:

- Removal of all Pacer trains and the introduction of 120 newly-built carriages which are capable of operating on non-electrified routes by 2020;
- A requirement in the Northern franchise for a North East management unit providing the opportunity for improved partnership working with any successful franchisee
- A new distinct Northern Regional Passenger Service within the Franchise, to cover long distance, fast or semi-fast services reflecting the needs of passenger travelling further;
- Northern stations must receive a minimum of £30 million of investment;
- Northern bidders must be proactive in supporting and driving forward the development and implementation of proposed new stations and line re-opening projects;

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- Better services including:
 - New Sunday services between Metrocentre and Morpeth from December 2017;
 - Half-hourly services between Newcastle and Carlisle from December 2017;
 - Hourly Sunday services between Newcastle and Middlesbrough via Sunderland.

6.4.4 Whilst bidders must, as a minimum, meet these requirements, it is hoped that the final bids will be even more aspirational. Bidders for TransPennine Express must submit their proposals by 28th May 2015, whereas Northern bidders must submit by 26th June 2015.

6.4.5 Officers from the North East Rail Officers Working Group, representing both the NECA area and the Tees Valley, have already met with each of the bidders. Now that the ITT has been published and central government requirements for the franchises are clearer, officers will meet again with the prospective bidders in order to secure key investment for the north east.

6.5 Rail Electrification Task Force

6.5.1 The North of England Rail Electrification Task Force chaired by Andrew Jones MP has published its final report which determines how further electrification of the network could deliver greater economic growth in the North of England.

6.5.2 The Secretary of State for Transport announced the creation of an independent Task Force in December 2013. At the heart of the Task Force's considerations was economic growth and connectivity as part of the emerging 'Northern Powerhouse' concept.

6.5.3 32 northern routes were examined using prioritisation criteria as well as a detailed consideration of these routes by the Task Force and were then grouped into 3 distinct tiers.

6.5.4 In the first tier, 12 routes, including the Northallerton-Middlesbrough rail line, will be progressed through Outline Business Case work and feed into the High Level Output statement for Network Rail's Control Period 6 which runs for 5 years from 2019.

6.5.5 Two routes in the North East LEP area, the Durham Coast Line and Tyne Valley Line, have been prioritised as Tier 2 and Tier 3 respectively and so will have a longer timeline for delivery of electrification.

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7 Public Transport

7.1 Quality Contract Scheme

7.1.1 At the meeting of the North East Combined Authority's Leadership Board on 21st October, it was agreed that the QCS proposal should be submitted to an independent QCS Board.

7.1.2 The Board is chaired by Kevin Rooney, the Traffic Commissioner for the north east of England, assisted by two expert advisers – Alan Wann, formerly an officer at Northumberland County Council, and David Humphrey, a former president of the Confederation of Passenger Transport.

7.1.3 The Board will consider whether the scheme meets the public interest criteria and whether the procedural requirements have been complied with, making recommendations to the NECA based on their examination. All parties wishing to give oral evidence to the Board have now been identified.

7.1.4 We have always been clear that we expected the QCS Board process to be time-consuming, as legal representatives from the bus operators and Nexus submit evidence on all aspects of the proposal. Due to weight of evidence, the QCS Board now plans to publish its final report on the proposal by 31st October 2015, somewhat later than we had initially hoped.

7.2 Metro performance

7.2.1 The improvement in day-to-day Metro performance was maintained in January and February this year, despite a number of major incidents including disruption to power supply on two occasions, a large piece of commercial vehicle becoming tangled into a train undercarriage in high wind, and a train motor failure in the morning peak period.

7.2.2 While there has been improvement, Nexus accepts that performance remains below the standards it has set. A joint performance plan agreed between Nexus and its concessionaire (DB Regio) continues to analyse the main causes of delay and identify solutions. New drivers have started work as planned, and new resource in DB Regio's depot is addressing the main underlying problem, of train reliability.

7.3 Metro funding

7.3.1 The Chancellor used a visit to the North East at the start of March to invite

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the Combined Authority to submit a business case for the replacement of the Metro fleet, recognising discussions between the Department for Transport and Nexus on this issue. He also invited proposals for possible future extensions to the Metro network. Nexus will be compiling the detailed business case for the fleet this year, while developing feasibility studies for extensions with regional partners.

7.4 National awards

7.4.1 Nexus has won a national award for best practice in public sector procurement. The 'Go' award for innovation recognises the significant saving made from converting the Taxicard service for disabled residents from a series of procured contracts to a concession which local firms buy into, helping meet the cost of provision. This has reduced costs by around 18% over three years.

7.5 Passenger Transport Executive Group

7.5.1 The Managing Director, Transport Operations, has been appointed the national lead on rail at the Passenger Transport Executive Group (PTEG) meeting in March, an important role as franchise management is devolved to Rail North and the region takes forwards its rail strategy. PTEG is a national body representing metropolitan areas outside London, providing research, local policy support and engagement in national policy making. Recent reports include *Ticket to Thrive* setting out the role urban public transport can play in tackling unemployment, and *'the Revenue-Capital Mismatch'* looking at how resource funding cuts could damage the effectiveness of capital investment in local transport. For more information see www.pteg.net.

8. Cycling

8.1 Newcastle has already secured £5.7m from the Cycle City Ambition Fund for improvements to the city's cycle network, including cross-boundary links to Gateshead. On 2nd March 2015, it was announced that the city had been awarded a further £10.6m of funding for further investment in strategic routes to the Newcastle-Gateshead urban core, as well as links to the Metro network from nearby Travel to Work areas of Northumberland and North Tyneside – further enhancing sustainable travel opportunities and integration with other modes.

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9. Sustainable transport

9.1 In December 2014 the Office for Low Emission Vehicles (OLEV) announced three funding schemes aimed at encouraging the uptake of low emission vehicles;

- Go Ultra Low City Scheme
- Low Emission Bus Scheme
- Ultra Low Emission Vehicle Taxi Scheme

9.2 The Combined Authority, with its successful record in sustainable transport initiatives, is aiming to put together a strong combined bid for additional funding. The three schemes are detailed below:

9.3 Go Ultra Low City Scheme

9.3.1 In Late 2014, the Office of Low Emission Vehicles (OLEV) announced a fund of £35m to assist cities in increasing the uptake of low emission vehicles. The Go Ultra Low City scheme is being run as a competition and the funding will be awarded to 2 - 4 cities.

9.3.2 Following a submission of interest in December, the North East Combined Authority (NECA) submitted a more detailed screening proposal to the Go Ultra Low City Scheme Fund. NELEP officers have been involved in the development of the screening proposal. The screening document was submitted in February and we were consequently informed on the 11th March 2015 that the NECA area was amongst 12 areas which have been successfully shortlisted and invited to finalise their submissions by 31st August 2015.

9.4 Low Emission Bus Scheme

9.4.1 £30m will be made available to local authorities and bus operators in England and Wales to support them in buying low emission alternatives to conventional diesel buses. The funding, which will be available for a three year period, beginning in 2015/16, will help to:

- Offset the higher costs of low and ultra-low emission buses; and
- Support the purchase of the necessary infrastructure, such as charging points.

9.4.2 Guidance on the Low Emission Bus Scheme was published on 17th March and officers are currently considering the bid criteria. The closing date for bids is 31st October 2015 and further updates will be provided to Members before then.

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9.5 Ultra Low Emission Vehicle Taxi Scheme

9.5.1 £20m has been made available for the Ultra-Low Emission Taxi Scheme, which is open to local authorities across the UK. Successful bidders will be able to use the funding to provide the infrastructure required to support the roll out of low emission taxis.

9.5.2 Under the scheme local authorities are also invited to submit bids for funding to help offset the cost of purpose built ultra-low emission taxis.

9.5.3 Local Authorities wishing to bid for funding from the Low Emission Taxi Scheme are required to submit a proposal for a feasibility study by May 2015. The deadline for the final bid is September 2015.

9.5.4 It is intended to produce bids for both the Low Emission Bus Scheme and Taxi Scheme and to align these with the proposal for the Cities bid.

9.6 Green Bus Funding

9.6.1 On 11th March 2015, the Office for Low Emission Vehicles announced that seven towns and cities have been awarded government grants to fit green technology to existing buses to help improve air quality and create a better environment for residents and visitors. In this area, Durham County Council has received £440,496 in order to retrofit 28 buses with flywheel hybrid technology.

10. Next Steps

10.1 The North East Combined Authority will continue to work with funding bodies, transport operators and delivery partners to secure a modern, sustainable and efficient transport network. Work will continue on developing the Transport Plan for the North East.

11. Potential Impact on Objectives

11.1 Successful delivery of the various transport 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.

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12. Finance and Other Resources

12.1 There are no direct implications arising from this report.

13. Legal

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

14. Other Considerations

14.1 Consultation/Community Engagement

There are no specific consultation or community engagement implications arising from this report.

14.2 Human Rights

There are no specific human rights implications arising from this report.

14.3 Equalities and Diversity

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

14.4 Risk Management

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

14.5 Crime and Disorder

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

14.6 Environment and Sustainability

Delivery of the various rail, cycling and public transport schemes outlined in this report, together with measures to reduce road congestion, should assist in meeting our objectives for a more sustainable transport system and improved air quality.

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15. Background Documents

None.

16. Links to Plans in the Policy Framework

This report has no direct link to plans in the policy framework.

17. Appendices

None.

18. Contact Officers

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19. Sign off

Head of Paid Service ✓

Monitoring Officer ✓

Chief Finance Officer ✓

North East Combined Authority

North East Leadership Board (NELB)

REPORT FOR DECISION

DATE: 21 April 2015

SUBJECT: MENTAL HEALTH TRAILBLAZER

REPORT OF: Thematic Lead for Employability and Inclusion

1 Executive Summary

- 1.1 In July 2014, the Government announced via the Growth Deal for LEPs the commissioning of locally designed pilots to test an approach of integrating mental health and employment support to achieve better job outcome rates for benefit claimants with common mental health conditions.
- 1.2 The NE Trailblazer will operate as a 'hub and spoke' model. A team of employment coaches will be managed centrally and operate in three 'cluster' areas. Coaches will be integrated into Clinical Commissioning Groups (CCGs) and will work collaboratively with clinical therapists, jointly case managing each participant.
- 1.3 With regard to the funding, the Cabinet Office has released an initial tranche of £100,000 to support development work; and it is anticipated that the subsequent £1million will be released shortly. However, there is an expectation that this TCA funding will be matched locally. As with the other Trailblazer pilots, it intention is that this will be met from the European Social Fund (ESF).
- 1.4 To facilitate this, an early call within the ESF has been issued for initiatives that address the mental health barriers associated with worklessness in the North East. Despite this, the necessary Expression of Interest approval from which the ESF grant can be claimed will not be secured until June at the earliest. This presents issues as to the operational launch of the Trailblazer.

2 Recommendations

- 2.1 It is recommended that the Leadership Board:
 - approve the expenditure of the initial £100,000 received from the Transformation Challenge Award (TCA) to cover essential set-up and development costs; and
 - agree that the Trailblazer should commence delivery from 1 July 2015 on a phased basis and subject to the securing of the £1million match from the European Social Fund (ESF)

3 Background

- 3.1 In July 2014, the Government announced via the Growth Deal for LEPs the commissioning of locally designed pilots to test an approach of integrating mental health and employment support to achieve better job outcome rates for benefit claimants with common mental health conditions. The North East was identified as one of four trailblazer pilot areas (with Greater Manchester, Blackpool, and West London) and invited to submit a bid to the Transformation Challenge Award.
- 3.2 Following initial discussions with Government and consultation with local partners, a business case was submitted on 1 October. Confirmation was received on 23 December that £1.1m has been awarded, to be matched locally to establish a £2.2m programme. The Mental Health Trailblazer pilot will run for two years from 1 April 2015 and will support 1,500 participants across the NECA area.
- 3.3 The cohort for the pilot is those Employment Support Allowance (ESA) claimants in the Work Related Activity Group (WRAG) who are pre-Work Programme or who have completed Work Programme with a sustained job outcome. All will have a 'common mental health' condition (principally anxiety and depression) as primary reason for claim. Participation will be on a voluntary basis and participants will not be engaged in other mandatory provision or have benefit implications of non-participation. Each participant will receive tailored support delivered by a key worker, with intensity of support as required. Employment coaches will have small caseloads, of around 30 participants.
- 3.4 Referrals are expected to come from Jobcentre Plus, existing IAPT users, community mental health teams, voluntary sector providers, and GPs. Engagement work with potential providers will begin well in advance of delivery start.
- 3.5 The NE Trailblazer will operate as a 'hub and spoke' model. A team of employment coaches will be managed centrally and operate in three 'cluster' areas. Coaches will be integrated into Clinical Commissioning Groups (CCGs) and will work collaboratively with clinical therapists, jointly case managing each participant. Participants will have access to appropriate clinical therapy through the range of CCG commissioned provision. Additional provision can be purchased through the Trailblazer where there are any gaps in services or capacity issues.

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- 3.6 The three cluster areas are based on appropriate labour markets and geographies where CCGs can practically work together:
- North (Northumberland, North Tyneside)
 - Central (Newcastle, Gateshead)
 - South (South Tyneside, Sunderland and County Durham).
- 3.7 A group consisting of relevant stakeholders has been established to support development and implementation. It is currently reviewing the proposal, refining the model and drafting an implementation plan. Initial work is also being carried out to map all CCG services and identify the range of provision open to trailblazer participants.
- 3.8 With regard to the funding, the Cabinet Office has released an initial tranche of £100,000 to support development work; and it is anticipated that the subsequent £1million will be released shortly. However, there is an expectation that this TCA funding will be matched locally. As with the other Trailblazer pilots, the intention is that this will be met from the European Social Fund (ESF).
- 3.9 To facilitate this, the Department of Work and Pensions (DWP) has instigated, as managing authority and in collaboration with NELEP, an early call within the ESF for initiatives that address the mental health barriers associated with worklessness in the North East. Equally, the Cabinet Office is working closely with DWP to ensure that the four bids are linked and judged as a single, cohesive programme, as well as in the context of their local strategic fit.
- 3.10 Despite this, the necessary Expression of Interest approval from which the ESF grant can be claimed will not be secured until June at the earliest. This obviously presents issues as to the operational launch of the Trailblazer – with the aim being to get an appropriate balance between maximising the impact of the pilot by initiating delivery as soon as possible and minimising the financial risks to NECA.
- 3.11 To this end, approval is sought to expend the initial £100,000 to support development work in advance of securing of ESF. This will allow a project manager to be appointed and other set-up costs to be met and ensure that the Trailblazer can commence delivery as soon as the ESF grant is secured. This delivery will be based on a phased start from 1 July 2015 and a total investment over the two-year programme of £2.1million. Further reports would be presented to the Leadership Board should any issues emerge with

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regard to securing the necessary ESF grant over the next three months.

4 Potential impact on objectives

4.1 The work being taken forward is consistent with the Combined Authority's stated objectives.

5 Finance and other resources

5.1 Financial plans will be developed and reported to the Board as appropriate.

6 Legal

6.1 The legal implications of the work being taken forward will be considered as delivery progresses.

7 Other considerations

7.1 Consultation/community engagement

No consultation or community engagement has been undertaken at this developmental stage in the work programme.

7.2 Human rights

There are no specific issues arising from this report.

7.3 Equalities and diversity

There are no specific issues arising from this report.

7.4 Risk management

Appropriate risk management arrangements will be put in place as delivery progresses.

7.5 Crime and disorder

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

7.6 Environment and sustainability

There are no specific issues arising from this report.

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8 Background documents

None

9 Links to plans and policy framework

Strategic Economic Plan – More and Better Jobs

10 Appendices

None

11 Contact Officer

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12 Sign off

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

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North East Combined Authority

North East Leadership Board (NELB)

REPORT FOR DECISION

DATE: 21 April 2015

SUBJECT: WORK PROGRAMME LOCALISM

REPORT OF: Thematic Lead for Employability and Inclusion

Executive Summary

- 1.1 At its January meeting, the Leadership Board endorsed a suite of outline proposals as the basis for the Combined Authority to engage with government ministers and other stakeholders, in securing greater devolution of funding, powers and responsibilities. With regard to employability and inclusion, this outline prospectus confirmed that the Combined Authority agreement with Government should deliver a fully devolved **Work Programme** (or its successor).
- 1.2 The current Work Programme is contracted until June 2017 (the current contracts are being extended a year) and the Department of Work and Pensions (DWP) has advised that work is about to commence on developing the successor programme. As an initial step in this process, the DWP asked for initial feedback from local government as to the appetite for greater localism within this successor Work Programme – to be known as Work Programme+.
- 1.3 The Work Programme provides support for people who are **long-term unemployed** – or are at most risk of becoming so. It is a **mandatory** programme which applies to people who claim Job Seekers Allowance (JSA), Employment Support Allowance (ESA) or Income Support (IS) and have generally been unemployed for more than 39 weeks. Participants remain on Work Programme for two years, regardless of whether they find work. Those moving into jobs are given in-work support to help them sustain (reflected in the payment model) their employment.
- 1.4 The DWP has recently confirmed that it wants, nationally, to explore a range of options to taking a more local approach to the Work Programme.
- 1.5 The recent independent research undertaken by Rocket Science on behalf of the Combined Authority to define the performance of Work Programme delivery in the North East illustrates the following:
 - In the NECA area, a higher proportion of the population is involved in the Work Programme than the national average. Performance by the two

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local contractors, Ingeus and Avanta, has been similar to the national average for Prime Contractors.

- Following a poor start, the Work Programme is nationally now exceeding the minimum performance levels set by the DWP for those on JSA and its performance is at least as good as previous programmes targeting this group, and at much lower cost per client.
- National performance for those on ESA – who tend to be those furthest from work – is much lower. No prime in any of the contract areas in GB, has met the minimum performance level for ESA clients, although Avanta and especially Ingeus have done relatively well.
- Analysis of Work Programme participants shows that people in the following groups have significantly less chance of finding work whilst on the Work Programme: Aged 50+; Have a health condition or disability; Live in a deprived area; or Are longer term unemployed.

1.6 From this analysis, Rocket Science has drawn the following conclusions:

- Whilst the Work programme is improved in the impact it is having on the majority of the JSA cohort and therefore it is difficult to see how local engagement could make a significant difference for JSA clients in this group; a significant blurring of the boundary between some, more disadvantaged JSA claimants and the ESA cohort is developing. It is therefore suggested that, some of the JSA cohort, who share characteristics with the ESA cohort (e.g. health conditions) could benefit from better local integration in the same way as the core ESA cohort.
- In contrast, the range of different issues faced by many ESA clients means that they are likely to benefit from a more rounded service which involved local social services, health and housing. A more integrated local approach looks manageable in terms of client numbers with a current monthly average of 22 new ESA clients for each NECA local authority.
- There is a steady flow off Work Programme by clients who by this stage have not worked for between 2 years, 9 months and 3 years. The Help to Work approach is a national approach but a more integrated approach is being developed in some areas by Combined Authorities and DWP – for example Working Well in Greater Manchester. These appear to offer a more rounded and integrated approach based on individual needs.

2 Recommendations

2.1 The Leadership Board is recommended to:

1. welcome and endorse the independent findings of Rocket Science as to the effectiveness of the Work Programme; the scope for future alignment of successor arrangements with other welfare-to-work support in the NECA area; and the practical issues and risks associated with alternative delivery arrangements of the successor to the Work Programme;

and based on this evidence:

2. endorse that the initial negotiation stance of the Combined Authority with regard to a Work Programme localism “ask” to DWP should be based on the following core strands:
 - to co-design a nationally commissioned programme for the JSA cohort
 - to co-design and co-commission a separate local programme for those on ESA and those on JSA with many of the characteristics of ESA clients; which integrates DWP resources with those in social care, health and housing
 - to develop a locally commissioned and devolved post Work Programme pilot for those emerging from Work Programme without a job
 - to develop an early intervention pilot which aims to reduce the flow of clients into Work Programme;

and subsequently:

3. receive further reports which outlines:
 - the DWP response to the initial proposition, and defines in more detail the scope and operation of each of the core strands and their implications for the Combined Authority if they are to be effectively delivered
 - the options for managing the integration of public services that will be necessary to effectively deliver the localism of Work Programme and other associated support.

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3 Background information

3.1 At its January meeting, the Leadership Board endorsed a suite of outline proposals as the basis for the Combined Authority to engage with government ministers and other stakeholders, in securing greater devolution of funding, powers and responsibilities.

3.2 With regard to employability and inclusion, this outline prospectus confirmed that the Combined Authority agreement with Government should deliver the following:

*“A fully devolved **Work Programme** (or its successor), allowing joined-up employability support to be delivered more effectively, particularly to clients with the highest needs. We will provide greater support to address physical and mental health barriers to work, building on the success of the “troubled families” programme in the region, and over time developing joint accountability for the work of Job Centre Plus.”*

3.3 The current Work Programme is contracted until June 2017 (the current contracts are being extended a year) and the Department of Work and Pensions (DWP) has advised that work is about to commence on developing the successor programme. As an initial step in this process, the DWP asked for initial feedback from local government as to the appetite for greater localism within this successor Work Programme – to be known as Work Programme+. On this basis, an officer-based proposition was submitted to DWP in accordance with their deadline of Monday 9 February 2015.

3.4 This report outlines the rationale for draft proposition as to the role the Combined Authority should play in the future development and implementation of Work Programme+. This is based on an assessment as to the performance of the current programme using the initial findings of independent research undertaken by Rocket Science.

4 Work Programme

4.1 The Work Programme provides support for people who are **long-term unemployed** – or are at most risk of becoming so. It replaced, in 2011, previous welfare-to-work programmes such as the New Deals, Employment Zones and Flexible New Deal, which were developed and delivered over the previous decade. These programmes suffered from several problems: they were fragmented; interventions were over-specified; and incentives were poor, allowing providers to stay in business without delivering strong results.

- 4.2 The commissioning intent of the Work Programme was to address these weaknesses, whilst bringing together and simplifying the range of contracted provision. On this basis, it is characterised by three main principles:
- **Clear incentives to deliver results** – with higher rewards for hard to help participants. Service providers are paid almost entirely for results – defined as sustained job outcomes for participants. The longer a customer stays in work, the more delivery partners will be paid, so there are strong incentives to continue support once participants are in work.
 - **Freedom for service providers** – Local providers are best placed to identify the most effective way of helping people into sustained work, and as such were given new freedom to do so without prescription from government. Requirements for providers were minimised as far as possible, allowing them to innovate and focus their resources where it will do most good.
 - **A long-term commitment** – Five year contracts gave prime providers a firm basis on which to build long term partnerships with their specialist supply chains of local providers, and other partners, including local government.
- 4.3 The other primary characteristic of the Work Programme is that it is a **mandatory** programme. On this basis, it applies to the individuals in the following benefit circumstances:
- **Job Seekers Allowance (JSA)** – An active benefit for people who are working fewer than 16 hours per week and are looking for work. Referrals to the Work Programme are made from Job Centre Plus when 18-24 year olds have been unemployed for 39 weeks and those aged over 25 for 52 weeks.
 - **Employment Support Allowance (ESA)** – The main benefit for people who are unemployed and have a limited capability for work because of their health. Most recipients are assessed as being capable of work-related activity (known as the Work Related Activity Group (WRAG)); the minority who are not are included in a separate Support Group. Referrals are made to the Work Programme from Job Centre Plus depending on work prognosis.
 - **Income Support (IS)** – This benefit provides specific support to lone parents with younger children and other eligible groups. For the Work Programme, clients are segregated into eight 'payment groups' and reach

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the eligibility period after 39 weeks for JSA.

- 4.4 Programme participation is mandatory for all referrals. Benefit sanctions can be applied for non-compliance (as they can for any benefit claimants failing to comply with their 'claimant commitment'). **Sanction decisions are made by DWP** on information from providers that participants are not complying with programme requirements, but providers are not directly responsible for sanctioning.
- 4.5 Participants remain on Work Programme for two years, regardless of whether they find work. Those moving into jobs are given in-work support to help them sustain (reflected in the payment model) their employment. Past programmes have shown that long term unemployed people who find work have difficulties retaining the job and a high proportion drop out of work within the first six weeks if not supported.
- 4.6 Work Programme completers who have not found employment return to Jobcentre Plus. JSA claimants will enter the 'help to work' regime of intensive job search, which can include measures such as Community Work Placement participation and weekly or daily work search reviews.
- 4.7 Across the country, the Work Programme is delivered by a range of public, private and third sector organisations that secured contracts through a competitive bidding process. In the North East (the Contract Package Area (CPA) cover both the NECA and Tees Valley areas), **two prime providers – Avanta and Ingeus** – deliver the Work Programme. Both are delivering a 5-year contract through a mix of direct delivery and sub-contracting to third and public sector providers. Having two prime providers in each CPA introduces an element of competition. Each prime receives an equal share of eligible claimants referred by DWP but the best performing providers will receive a greater market share of referrals from the end of year two of the programme ('market share shift' has not occurred in the NE CPA as prime provider performance is very close).
- 4.8 The key performance measure is the number of **sustained job outcomes** of 26 weeks (JSA) or 13 weeks (ESA). This is measured as a percentage of the number of people starting the programme. DWP release statistics quarterly.

5 The localism options

- 5.1 Subsequent to the announcement of a series of recent devolution deals, including the Smith Commission in Scotland and the Greater Manchester

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Agreement, DWP have begun the process of proactively engaging with Local Government across the country as it becomes apparent that devolution agreements may impact on the way in which DWP commissions and operates its programmes. This is a definite shift in DWP's engagement with the prospect of further local influence of its services, though does not extend, explicitly at least, to the extent of influence outlined in recent NECA devolution proposals. It should be recognised that the current DWP position is based on reshaping the spending of its 'existing' budgets. The pursuit of new resources may still need a dual approach between DWP and Treasury.

- 5.2 It must also be emphasised from the outset that within any future localism of the Work Programme, the **universal principles on eligibility and conditionality will continue to apply**. At its heart, Work Programme+ will still have a consistent national framework which ensures that eligible support is applied uniformly and fairly across the country.
- 5.3 Notwithstanding this, there is still considerable scope to work with Government in **how** the standard Work Programme+ package is developed and implemented within a local area to better address the prevailing labour market conditions.
- 5.4 The DWP has therefore confirmed it wants to explore a range of options to taking a local approach to the Work Programme. In considering this, the following questions are key:
- Why consider a local approach for Work Programme?
 - What should be the aims of a local approach?
 - In what ways do you think the current Work Programme did not achieve this?
 - Do we have examples (supported by evidence) that a local approach is working to support "harder to help" people?
- 5.5 On this basis, DWP have identified the following range of potential options to be explored with local areas:
1. Local Area (LA) delivers the nationally designed programme
 2. LA "buys" additional outcomes through a nationally designed programme
 3. Co-design whereby the LA and DWP design together and DWP subsequently buys and manages
 4. Co-commission whereby the LA and DWP design together and the LA

subsequently buys and manages

5. Partial devolution whereby the LA fully designs, delivers and manages for specific cohorts, for example ESA groups
6. Full devolution whereby DWP gives the LA full control of designing, delivering and managing all the space in which Work Programme+ operates

Obviously, the different options have different levels of risk for local and national government.

- 5.6 Within this context, and prior to looking at the performance of the current Work Programme in the North East, it's worth just summarising the nature and scale of recent devolution initiatives with respect to employability and welfare to work.

6 Recent history of employability devolution

- 6.1 The local authorities within the Combined Authority have a strong record of local collaboration. The Tyne and Wear City Region (TWCR) explored a co-commissioning framework with DWP through the development of a Multi Area Agreement. In 2006-7, Disadvantaged Areas Funding from Jobcentre Plus was granted to the seven local authorities to test a mix of direct delivery and local commissioning of employability programmes. The Future Jobs Fund was delivered in 2009-10 by the TWCR acting as the single point of commissioning and performance management arrangements. In addition, a significant amount of employment support activity is currently being directly delivered or strategically supported by the seven local authorities, including national initiatives such as Troubled Families and ESF Support for Families with Multiple Problems. Some, including Gateshead, Northumberland and Durham, deliver Work Programme under sub-contract to prime providers.
- 6.2 There also a number of current programmes which demonstrate devolution of national funding to locally designed and managed programmes:
- The North East Youth Employment Programme, branded Generation NE, is a locally designed and managed programme with Cabinet Office funding to support 18-24 year old JSA claimants into work. Newcastle Council as lead accountable body secured funding through the Core Cities deal and manages the programme. Five of the seven local authorities within the Combined Authority directly deliver.
 - The Youth Contract is investing £126m (Cabinet Office, BIS and DWP) to

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support 16-17-year-olds not in education, employment or training (NEET) who risk long-term disengagement into education, apprenticeships or employment with training. Government commissioned a dual model of delivery: the first nationally commissioned through a prime provider-subcontractor approach on a payment-by-results basis; the other devolved funding to three core city areas, including Newcastle-Gateshead, allowing Newcastle-Gateshead to determine the scope and nature of service delivery and eligibility criteria. An evaluation completed in June 2014 found devolved delivery performed favourably against nationally commissioned delivery.

- A Mental Health Trailblazer was secured (one of four nationally) through the Cabinet Office Transformation Challenge Award (TCA) in December 2014. Each pilot area designed its own delivery model and determined eligible cohorts. The North East model will support ESA claimants with common mental health conditions into employment through integrating employment support with psychological therapy. The pilot will invest approximately £2m to support around 1,500 claimants over two years from April 2015.

6.3 At a national level, the development of the Working Well model for Greater Manchester represents a landmark case study.

6.4 Originally established as a pilot in 2013 via the Public Service Transformation Network (as with the Mental Health Trailblazer), it was established to test and evaluate a new funding and operating model for the **post** Work Programme ESA cohort which offered more intensive and integrated support to help individuals to tackle the specific barriers to work they face. The pilot was originally targeted at moving 5,000 of the ESA cohort who had completed the Work Programme without finding employment back into work (not dissimilar to the relative scale of the Mental Health Trailblazer).

6.5 However, the Greater Manchester Devolution Agreement signed with Government in November 2014 confirms that the pilot will go through a staged expansion from summer 2015 to eventually cover 50,000 individuals. The total programme has a cost of £20.9million, of which £14.4million is “new money” with the Treasury meeting 80% of the additional cost. Half of the £2.8million contribution from Greater Manchester will be European Social Fund (ESF). (It must be emphasised that whilst this might represent “new money” from a Manchester perspective, it does not from a DWP one – it has had to be found from within existing resources). The Combined Authority is expected to share the risk of underperformance which is underpinned by an

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ambitious performance assumption of 15% of the ESA client group being in sustained work at 24 months.

- 6.6 Notwithstanding all of this, it must be recognised that the Working Well Model was **not** positioned as a devolved programme with Government. It is more about public service reform that focuses on family or social network based interventions and public service integration. On this basis, it is seeking to evidence “what works” as well as improving performance. To this end, its primary objective is to inform the successor arrangements to the Work Programme for the Greater Manchester area – this is confirmed in the Devolution Agreement which states that “*the government will also design the Work Programme in a way that allows Greater Manchester to be a joint commissioner with DWP for the next phase of the Programme*”.
- 6.7 It should also be noted that the Working Well model has been designed within the existing conditionality of the Work Programme – in this case, clients are mandated to attend the first appointment.

7 Work Programme Delivery in the North East

- 7.1 In recognition of the emerging devolution agenda, Rocket Science was recently commissioned by Newcastle City Council on behalf of the Combined Authority to carry out a review of the Work Programme within the North East covering the following broad areas:
- The effectiveness of the Work Programme, both nationally and regionally;
 - Whether successor arrangements to the Work Programme could be aligned more closely with other welfare-to-work support in the NECA region;
 - The practical issues and risks associated with a range of alternative delivery arrangements for the successor to the Work Programme
- 7.2 With regard to Work Programme performance, the research illustrates the following:
- The WP is, nationally, now exceeding the minimum performance levels set by the Department for Work and Pensions (DWP) for those on Job Seekers Allowance (JSA). Its performance is in line with previous national programmes targeting this group. However, although above the minimum levels, JSA performance is still below original Government and provider expectations.

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- Spend on the Work Programme in the North East is substantial at £18.5m per year, but from our calculations for 2012/13, it only represented around 13% of public sector spend on employment policies. So the Work Programme is significant in terms of its high priority focus – on long term unemployed clients – but needs to be seen as a part of the overall ‘employment service’ in the area.
- In the NECA area, a higher proportion of the population is involved in the Work Programme than the national average. Performance by the two local contractors, Ingeus and Avanta, has been similar to the average for Prime Contractors.
- National performance for those on Employment Support Allowance (ESA) – who tend to be those furthest from work - is much lower than performance for those on JSA. No prime in any of the contract areas in Great Britain has met the minimum performance level for ESA clients, although Avanta and especially Ingeus have done relatively well.
- Analysis of WP participants shows that people in the following groups have significantly less chance of finding work whilst on the Work Programme:
 - Aged 50+
 - Have a health condition or disability
 - Live in a deprived area
 - Longer term unemployed.

7.3 From this analysis, the following conclusions are drawn:

- Whilst the Work programme is improved in the impact it is having on the majority of the JSA cohort and therefore it is difficult to see how local engagement could make a significant difference for JSA clients in this group; a significant blurring of the boundary between some, more disadvantaged JSA claimants and the ESA cohort is developing. It is therefore suggested that, some of the JSA cohort, who share characteristics with the ESA cohort (e.g. health conditions) could benefit from better local integration in the same way as the core ESA cohort.
- In contrast, the range of different issues faced by many ESA clients means that they are likely to benefit from a more rounded service which involved local social services, health and housing. A more integrated local approach looks manageable in terms of client numbers with a current

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monthly average of 22 new ESA clients for each NECA local authority.

- There is a steady flow off Work Programme by clients who by this stage have not worked for between 2 years, 9 months and 3 years. The Help to Work approach is a national approach but a more integrated approach is being developed in some areas by Combined Authorities and DWP – for example Working Well in Greater Manchester. These appear to offer a more rounded and integrated approach based on individual needs.

7.4 On this basis, Rocket Science makes a number of recommendations and proposes a set of six next steps and tasks. These are outlined in Appendix 1 where the Executive Summary of the Rocket Science report is reproduced in full. From these, the proposed role of the Combined Authority in the successor to the Work programme has been defined.

8 Proposed role of NECA in Work Programme+

8.1 Based on the Rocket Science research, it is advocated that the Combined Authority adopt a three strand approach to Work Programme Localism:

- *Strand 1: Work Programme for JSA claimants*

This would involve the Combined Authority **co-designing** with DWP a separate Work Programme for JSA claimants that would subsequently be commissioned **nationally** by DWP. This equates to **option 3** in the menu listed in paragraph 5.5.

- *Strand 2: Work Programme for ESA claimants*

This would involve the Combined Authority **co-designing and co-commissioning** with DWP a separate Work Programme for ESA claimants and those JSA claimants with many of the same characteristics of ESA clients; that would subsequently be commissioned **locally** by either the Combined Authority or DWP. This would integrate DWP resources with those in social care, health and housing. This equates to **options 4 and 5** in the menu listed in paragraph 5.5.

The intent would be to commission these two strands in parallel – and within this, there would be a way of converting JSA clients with many of the characteristics of ESA clients into the ESA programme.

- *Strand 3: Post Work Programme Pilot*

This would involve the **partial devolution** of a short to medium term programme **bespoke to the North East** to support ESA claimants leaving the Work Programme without a job – akin to the Working Well model. This

equates to **Option 5** in the menu listed in paragraph 5.5.

8.2 In addition, there is growing evidence that it is possible to identify those at risk of long term unemployment early in their period of unemployment. DWP has established a scoring approach which has a high success rate in identifying those at particular risk of not finding a job for a long time. It is therefore further recommended that the Combined Authority should express a desire to explore with DWP, the development of an early intervention pilot based on their scoring model with the aim of reducing the flow of clients into Work Programme.

9 **Next steps**

9.1 It is anticipated that the DWP will respond to the initial proposition put forward by the Combined Authority once the new Ministers are in place after the General Election.

9.2 In the meantime, further work is being undertaken to specify the scope and operation of each of the core strands of the initial proposition from a North East perspective – including the implications for the Combined Authority if they are to be effectively delivered.

9.3 In addition, it is also recognised that the effective implementation of Work Programme localism will require the development of robust integration approaches across the Combined Authority to bring together local authority services such as social care, health services and housing services to work with specialist support around the complex needs of individuals and their households. Key features of such an approach would include:

- An effective diagnosis or triage approach
- An effective progress management/case management process
- The identification of realistic labour market opportunities and the identification of development need to close the gaps in terms of skills, attitudes and behaviours.
- The provision of appropriate support to ensure that the client can compete effectively for appropriate job vacancies and is able to cope with the application and assessment processes that may be involved.
- Support in work.

To this end, further work is being undertaken to explore the models for establishing and managing this integration.

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9.4 On this basis, further reports will be presented to subsequent meetings of the Leadership Board as to the progress being made in taking this work forward.

10 Potential impact on objectives

10.1 The work being taken forward is consistent with the Combined Authority's stated objectives.

11 Finance and other resources

11.1 Financial plans will be developed and reported to the Board as the localism discussions progress.

12 Legal

12.1 The legal implications of the work being taken forward will be considered as the localism discussions progress.

13 Other considerations

13.1 Consultation/community engagement

No consultation or community engagement has been undertaken at this developmental stage in the process.

13.2 Human rights

There are no specific issues arising from this report.

13.3 Equalities and diversity

There are no specific issues arising from this report.

13.4 Risk management

An initial assessment of potential risks and implications of the localism discussions has been prepared. This is reproduced at Appendix 2. These will continue to be developed and addressed as the localism discussions progress.

13.5 Crime and disorder

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

North East Combined Authority

North East Leadership Board (NELB)

REPORT FOR DECISION

13.6 Environment and sustainability

There are no specific issues arising from this report.

14 Background documents

None

15 Links to plans and policy framework

Strategic Economic Plan – More and Better Jobs

16 Appendices

- Appendix 1: Rocket Science report on Work Programme Commissioning – Executive Summary, March 2015
- Appendix 2: Work Programme Localism – initial assessment of risk implications

17 Contact Officers

The contact officer for this report is: Geoff Paul, Director of Planning, Economy and Housing, Northumberland County Council. Email: geoff.paul@northumberland.gov.uk

17 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Section 151 Officer ✓

Appendix 1: Rocket Science report on Work Programme Commissioning Executive Summary, March 2015

Rocket Science was commissioned by Newcastle City Council on behalf of the North East Combined Authority (NECA) to provide recommendations on the approach and focus of a more locally commissioned and managed approach to the Work Programme (WP).

The WP is the Government's flagship employment programme working on a high priority client group – those who are long term unemployed – with an annual NECA-wide spend of approximately £18.5m. However, it is part of a broader employability system in the North East and total spend on employment services is far greater than spend on the WP alone. The WP shouldn't be seen in isolation from the work of a range of public sector and third sector organisations. We believe that the way to make a significant impact to overall performance on employability is ensure greater integration with the wider employability system and with key partners locally.

We have therefore put a strong emphasis throughout our report on placing Work Programme in a wider approach to tackling unemployment – and particularly to preventing long term unemployment and focusing support on those who are furthest from work. This ties in with the person-centred, multi-agency approach recommended in *Bolder, Braver and Better*, the November 2014 report from the independent Service Transformation Challenge Panel, co-chaired by Newcastle City Council chief executive, Pat Ritchie.

Central to this report is the identification of those areas where more local commissioning and oversight is likely to enhance performance and help more people find and make progress in work.

The context: unemployment

- Unemployment is higher than the national average in six out of seven NECA authorities.
- Long term unemployment rates are also higher.
- There is in particular a high level of Employment Support Allowance (ESA)/Incapacity benefit claimants out of the NECA working age population.
- The economic performance of the area from 2002-2012 is comparable with most other England regions / UK countries.
- Proportionally more families receive tax credits (both in work and out of work) than the national average.
- The high proportion of in-work tax credits suggests there are more workers in low pay or part time work. This means that there would be more incentive for HM Treasury to target the NECA area for increasing employment income.
- The NECA area has a larger proportion of people in employment in the public sector (23.9%) than Great Britain (19%).

- The proportions of public sector employment have been declining since 2010 for both the NECA area and Great Britain, with the rate of reduction greater for NECA. The relative size of the NECA area's public sector makes its labour market especially vulnerable to further public sector job cuts over the next few years, and creates a particular problem in reducing the number and range of job opportunities for young people.

The political context

- Whoever wins the next election, there is likely to be greater devolution to Northern Cities.
- The five years of the Coalition Government have seen the promotion of localism as the core approach to devolving powers from the centre, with the early establishment of Local Enterprise Partnerships and the abolition of Regional Development Agencies.
- The North East has also been at the forefront of the development of work around Core Cities, with Newcastle / the NELEP area being in the first wave of City Deals in 2011.
- The 2014 Scottish Independence Referendum, with the subsequent Smith Commission and the Government's recently published Draft Clauses based on this, brought into sharp focus all of the political parties' proposals for further English devolution in the next parliament. IPPR North has recently set out proposals for wide-ranging devolution at a city-region level, including economic development, administrative and fiscal powers.

Work programme performance and issues

- The WP is, nationally, now exceeding the minimum performance levels set by the Department for Work and Pensions (DWP) for those on Job Seekers Allowance (JSA). Its performance is in line with previous national programmes targeting this group. However, although above the minimum levels, JSA performance is still below original Government and provider expectations.
- Spend on the Work Programme in the North East is substantial at £18.5m per year, but from our calculations for 2012/13, it only represented around 13% of public sector spend on employment policies. So the Work Programme is significant in terms of its high priority focus – on long term unemployed clients – but needs to be seen as a part of the overall 'employment service' in the area.
- In the NECA area, a higher proportion of the population is involved in the Work Programme than the national average. Performance by the two local contractors, Ingeus and Avanta, has been similar to the average for Prime Contractors.
- National performance for those on Employment Support Allowance (ESA) – who tend to be those furthest from work - is much lower than performance for those on JSA. No prime in any of the contract areas in Great Britain has met the minimum performance level for ESA clients, although Avanta and especially Ingeus have done relatively well.

- Analysis of WP participants shows that people in the following groups have significantly less chance of finding work whilst on the Work Programme:
 - Aged 50+
 - Have a health condition or disability
 - Live in a deprived area
 - Longer term unemployed
- The Work Programme has, over time, improved in the impact it is having on the majority of the JSA cohort. In contrast, the range of different issues faced by many ESA clients means that they are likely to benefit from a more rounded service which involved local social services, health and housing.
- A more integrated local approach looks manageable in terms of client numbers with a current monthly average of approximately 30 new ESA clients for each NECA local authority.
- There is a steady flow off the Work Programme by clients who by this stage have not worked for between 2.75 years and 3 years. The Help to Work approach is a national approach but a more integrated approach is being developed in some areas by Combined Authorities and DWP – for example Working Well in Greater Manchester. These appear to offer a more rounded and integrated approach based on individual needs. A more integrated approach during Work Programme for ESA clients is likely to lead to changes in service design and practice that those emerging from WP without a job would benefit from.

Early intervention

- There is growing evidence that it is possible to identify those at risk of long term unemployment early in their period of unemployment. DWP have published a scoring approach which has had a reasonable success rate in identifying those at particular risk of not finding a job for a long time.
- It therefore makes sense to combine an integrated approach around ESA clients with an 'early intervention' approach which will allow the partners to invest early in those particularly at risk of long term unemployment.

Recommendations

Our main recommendations are that:

- Work Programme plus in the NECA area should be made up of a programme for those on JSA and a programme for those on ESA.
- The NECA partners should work with DWP to co-design (nationally and locally) the new ESA WP that creates well managed progress routes to work, and then progress in work for ESA clients, drawing on appropriate support from a range of specialist and other relevant providers.
- The ESA Work Programme contractor should play two roles:
 - Provide key workers/account managers whose job will be to actively manage

the progress of individual clients through a progressive sequence of relevant services

- Provide a job matching and brokerage service which ensures that toward the end of their route to work clients are matched with appropriate opportunities and supported to ensure that their skills, attitudes and behaviours provide a high quality match with both the aspirations and aptitudes of the client and the needs of employers.
- The JSA WP for the North East should be commissioned nationally by DWP and the ESA WP should be co-commissioned by NECA and DWP. To ensure cost effective delivery the precedent developed by the Ministry of Justice for the Transforming Rehabilitation contracts should be adopted: that is, tenderers will have the ability to submit joint variant bids. So they will be able to submit separate bids for JSA WP and ESA WP and also able to submit a pricing structure for delivering both.
- There should be two contractors for the North East area for both JSA WP and ESA WP.
- There is a need to tackle the issue of more disadvantaged JSA clients who face many of the barriers to work that are faced by ESA clients. We consider this to create too many contractual issues to be built into the WP contracting process, but this should be built into the pre WP support and become part of the early intervention approach.

Our recommendations for the NECA partners are that they should:

- Support the national contracting of the next Work Programme for JSA clients.
- Enter into discussions with DWP and HM Treasury about the co-commissioning of a separate Work Programme for those on ESA which integrates DWP resources with those in social care, health and housing.
- Explore with DWP the development of a NECA early intervention pilot based on their scoring model published last year with the aim of reducing the flow of clients into Work Programme.
- Develop a co-commissioned post-Work Programme approach for those emerging from Work Programme without a job.
- Establish a management structure which will focus on the performance of the early intervention pilot, the ESA Work Programme and the post-Work Programme approach.

Six next steps

There are aspects of the employability service described in the recommendations above that the NECA partners may feel able to deliver without additional resources or powers. These aspects could include: Early recognition of, and intensive support for, those clients at more risk of long term unemployment; Helping the staff of housing departments/housing associations, social services and health to appreciate their potential role; Focused support to promote job growth, e.g. support for micro-businesses.

However, the partners will need to work collaboratively with DWP in order to deliver the full approach. We **propose a set of six next steps and tasks:**

1. Engaging with DWP

The proposals in this report are in line with the co-commissioning / partial devolution options in the range of options discussed at the recent regional workshops led by DWP on options for localising WP. This gives NECA the opportunity to go back with a specific proposal for joint action to tackle the particular issue of ESA WP clients, within the context of a wider employability approach and as part of ongoing public service reform processes. The NECA partners may wish to carry out a rapid cost benefit analysis to present as part of this approach.

2. Exploring with partners possible local integration models

During this stage NECA may wish to explore in two areas (eg one urban and one rural) with front line staff (including Job Centre Plus and WP prime contractor staff) and service managers the design, delivery and management issues arising from a more rounded approach to ESA WP.

3. Creating local integration boards in each Local Authority

During this stage the detailed management structure would be developed, setting out the distribution of specific functions to Local Authority integration boards and the NECA Leadership Group. Associated with this would be the design of management information systems including the identification of 'must have' information and how it would be collected and analysed.

4. Developing and testing early intervention approaches

Similarly it would be worth developing a controlled trial of early intervention approaches in a couple of areas, combining a simple scoring system with adviser override based on professional judgement to identify clients at greatest risk of long term unemployment.

5. Staff development

In two local authority areas (one urban, one rural) the partners should trial a multi-service staff development process, drawing together front line staff from Jobcentre Plus, social care, health, housing, employability projects, and relevant third sector providers. The purpose will be to: Help staff understand the role they can play in the employability agenda; How to identify clients for whom work is a realistic option; Co-design the integrated service delivery process for ESA WP.

6. Detailed co-design with DWP

Drawing on the initial engagement with DWP described at step 1 above, and the learning from these pilots and processes in steps 2-5, the final step would be to develop the detailed programme design and tender documentation with DWP.

Appendix 2: Work Programme Localism – initial assessment of risk implications

Implication	Commentary
Reputation	Devolution and localism is at the heart of the Combined Authority's rationale with employability and welfare to work regarded as a key strand within this. The proposed approach represents a pragmatic but realistic way of working with Government to better address the long term unemployment challenges within the North East.
Performance	Devolution should only be sought where it is evident that a nationally-based Programme is under-performing with respect to a particular local area. The proposed approach recognises this differential by seeking to separate the Work Programme into two separate commissions – one for JSA claimants which is working well and one for ESA claimants where performance is poor.
Finance	<p>At a time of public sector austerity the emphasis for any devolution must be on generating better outcomes from – at the very least – the current financial resource. The proposed approach recognises that there is no new funding and as such is predicated on making the existing DWP resources go further through improved integration with existing resources in the local area.</p> <p>The one exception to this is the funding for the proposed Post Work Programme Pathfinder. However, it proposes to creatively use the DWP opt-in for European Social Fund as a mechanism for developing a short term intervention to bridge the existing Work Programme to its successor – thereby seeking to improve the performance of the latter.</p>
Timescales	<p>The development of the proposed Post Work Programme Pathfinder would be an immediate priority if the benefit of its impact was to inform the successor arrangements for Work Programme. One possibility would be to progressively expand the scope of the Mental Health Trailblazer.</p> <p>Negotiations as to the shape of Work Programme+ will commence in earnest following the General Election and will need to be concluded by the end of 2015 – thereby allowing the new contracts to be in place for 1 March 2016.</p>
Capacity	<p>Discussions with Greater Manchester have clearly demonstrated that in order to maximise the outcomes from any devolution negotiation with Government, the local area has to frontload its capacity to demonstrate its commitment and its ability to respond and flex. This deepens the Government's confidence as to the likelihood of delivery success and thereby expands the offer that might be available.</p> <p>The proposed approach will undeniably will require additional capacity, particularly to:</p> <ul style="list-style-type: none"> • strengthen our labour market intelligence • build our cost-benefit analysis capability • develop local integration plans setting out how the social care, health and housing services will work together around the needs in individual ESA clients • design and initiate the Post Work Programme Pathfinder
Governance	The Combined Authority would need to establish some form of strategic and democratically-accountable Management Board to oversee the performance of the both the proposed ESA Work Programme strand and the Post Work Programme pathfinder.

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North East Combined Authority

North East Leadership Board (NELB)

DATE: 21 April 2015

SUBJECT: Establishment of the Economic Development and Regeneration Advisory Board

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to set out the proposals for the establishment of an Economic Development and Regeneration Advisory Board including the Terms of Reference and related amendments to the Constitution. The report also recommends provision for substitute Members for Members of the NECA Committees and Sub-Committees following recent questions by Members of the Leadership Board regarding their availability under the current Constitutional arrangements.

RECOMMENDATIONS

It is recommended that the Leadership Board:

- (i) Agree to the establishment of the Economic Development and Regeneration Advisory Board and the terms of reference as set out in Appendix A and resulting changes to the Constitution; and
- (ii) Agree to permit the attendance of substitutes at the Committees and Sub-Committees as set out in Appendix B of the report and the associated amendments to the Constitution as set out in Appendix C.

1 Background Information

- 1.1 At the Leadership Board meeting of 17 February it was agreed that a further report would be considered at this meeting regarding the establishment of an Advisory Board for Economic Development and Regeneration. This report describes the proposed Terms of Reference and relevant support arrangements and also includes associated amendments to the Constitution for agreement by the Leadership Board.
- 1.2 The proposals for the new Board are in principle that:-
 - The Advisory Board will be chaired by the Thematic Lead for Economic Regeneration and Development, plus an elected member representative from each of the Constituent Authorities;
 - Additional non-voting members may be co-opted to the Board subject to agreement of the Leadership Board;

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- The Advisory Board will be supported by the Economic Directors Group who will provide necessary officer support and ensuring preparation of reports;
 - The Board's role is to advise the Leadership Board on economic strategy, project pipelines and funding, future priorities, and to monitor and oversee collaborative initiatives to promote Inward Investment.
- 1.3 The proposed arrangements, including the terms of reference for the Advisory Board and the proposed changes to the Authority's Constitution are now set out at Appendix A and Appendix C respectively for formal agreement of the Leadership Board. The Leadership Board will note that the proposals include provision of non-voting co-opted members from the North East Chamber of Trade, the CBI and FSB as well as a co-opted member of the NELEP. In addition the proposed changes to the Constitution include the quorum for the Advisory Board as 5 in accordance with the previously agreed requirement that the quorum is two thirds of the membership excluding co-optees.

Substitute Members for Committees

- 1.4 Members of the Leadership Board have raised the issue of the provision of Substitute Members of the new Advisory Board. As this is a matter that has also been raised by the members of other committees, joint committees and sub committees and any arrangements for substitutes considered for the Advisory Board should be consistently applied, this report also sets out proposals for the provision of substitute members for such other committees where this flexibility has been requested. It is timely for the Leadership Board to consider whether substitutes are to be permitted as these may be identified by the Constituent Authorities shortly and specifically during the formal Annual Meetings and associated processes at the start of the new municipal year.
- 1.5 Should the Leadership Board wish to introduce provision for substitute members, proposals for each committee are set out in Appendix B annexed.

2 Proposals

- 2.1 It is recommended that the Leadership Board:
- (i) Agree to the establishment of the Economic Development and Regeneration Advisory Board and the terms of reference as set out in Appendix A and resulting changes to the Constitution; and
 - (ii) Agree to permit the attendance of substitutes at the Committees and Sub-Committees as set out in Appendix B of the report and the associated amendments to the Constitution as set out in Appendix C.

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3 Next Steps

- 3.1 If the Leadership Board agrees to the proposals as set out in the report then the necessary arrangements will be made to constitute the Advisory Board and the agreed changes to the Constitution as set out in Appendix A and C will be published.

4 Potential Impact on Objectives

- 4.1 The economic development and regeneration functions are functions that are shared between the NECA and the Constituent Authorities. Establishing an Advisory Board which will have representatives from the Constituent Authorities and Thematic Lead as well as representatives from the wider business community will support and promote the NECA's ambition to bring about economic regeneration and growth throughout the combined area.

5 Finance and Other Resources

- 5.1 There are no direct financial or resource implications arising from this report. The Advisory Board as a Joint Committee will operate in the same way as the other Joint Committee of the NECA, the Transport North East Committee.

6 Legal

- 6.1 The Economic Development and Regeneration Advisory Board will be a Joint Committee established by the NECA and the Constituent Authorities. The NECA and the Constituent Authorities are permitted to establish a joint committee for the discharge of their shared functions by virtue of section 101(5) of the Local Government Act 1972 and The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

7 Other Considerations

7.1 Consultation/Community Engagement

The Leaders and Elected Mayor of the Constituent Authorities have been consulted on the proposals. In addition Chief Executives and Economic Directors of each of the Constituent Authorities have been consulted on the development of the proposals.

7.2 Human Rights

There are no specific human rights implications arising from this report.

7.3 Equalities and Diversity

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

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7.4 Risk Management

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

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

8 Background Documents

The reports to the Leadership Board of 20 January 2015 and 17 February 2015.

9 Links to the Local Transport Plans

9.1 None.

10 Appendices

10.1 Appendix A – The Proposed Terms of Reference for the Economic Development and Regeneration Advisory Board

Appendix B – Substitute Member Proposals

Appendix C – Proposed changes to the Constitution to introduce Substitute Members

11 Contact Officers

11.1 Vivienne Geary Viv.Geary@northtyneside.gov.uk Tel: 0191 643 5339

12 Sign off

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

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Appendix A – The Proposed Terms of Reference for the Economic Development and Regeneration Advisory Board

Part 3.5 Economic Development and Regeneration Advisory Board

Membership: 7 (One Member from each of the Constituent Authorities)

Quorum: 5 (not including the co-opted or LEP members)

Also: 1 non-voting member from the LEP
Any non-voting co-opted members approved by the NELB representing key sectors in the region including the North East Chamber of Commerce and the CBI and the FSB.

The aim of the Economic Development and Regeneration Advisory Board is to support the NELB in the development of the Economic Development and Regeneration (Economic Development and Regeneration) Theme by:

- Making recommendations to the NELB based on insight and intelligence that is not otherwise available to Board so that the decisions taken reflect the needs and ambitions of the key stakeholders in the region.
- Providing strategic advice and intelligence relating to key drivers of growth and barriers to investment and growth and other issues relevant to NECA's aim to pursue sustainable economic growth in the region.
- Advising and supporting the NECA in the development of the Economic Development and Regeneration strategic priorities and implementation plans.
- Supporting the Economic Development and Regeneration Thematic Lead in the delivery of the Economic Development and Regeneration Implementation Plan.

The Leadership Board shall seek the advice and recommendations of the Economic Development and Regeneration Advisory Board on such economic development and regeneration matters as the Leadership Board considers appropriate, which shall include (but are not limited to):

1. The development of a Regional Investment Plan that will support economic growth and build on the opportunities presented by the region's growth assets.
2. The implementation of activity that is consistent with the strategic intent outlined in the Strategic Economic Plan and associated Economic Development and Regeneration Implementation Plan.
3. Recommendations on the allocation of resources and approval of funding proposals and the prioritisation of planned regional investment in infrastructure and assets.

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4. Monitoring and overseeing collaborative initiatives to promote inward investment.
5. Commissioning provision that is consistent with the agreed objectives.
6. Ensuring that measures associated with the delivery of the Economic Development and Regeneration work programme are linked effectively with other related service areas.
7. Advising and approving evaluation measures for the Economic Development and Regeneration related activities.
8. Monitoring performance of the delivery of the Economic Development and Regeneration work programme.
9. Considering Economic Development and Regeneration related matters specifically referred to the Advisory Board by the NELB.
10. Informing the evolution of Economic Development and Regeneration related activities, taking account of government policy, global trends and capability and capacity in the region.
11. Establishing and engaging in working groups formed to progress specific priorities with the Economic Development and Regeneration work programme.
12. Approve an Annual Report summarising the work of the Board over the previous year for submission to Annual Meeting of the NELB.

Information:

1. The Advisory Board will be chaired by the Economic Development and Regeneration Thematic Lead.
- [2. One substitute member is permitted for each Constituent Authority – if agreed by the Leadership Board]

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Appendix B – Substitute Member Proposals

TNEC

TNEC comprises 14 members, with 2 members from each Constituent Authority. One member is the portfolio holder with transport responsibilities within their Constituent Authority. The quorum is 10. TNEC has requested provision for substitute Members is made.

It is recommended that one substitute member is appointed from each Constituent Authority. Provision for one substitute Member ensures a Constituent Authority is represented even if both full Members are unable to attend (which has not occurred to date) and still supports the principle of a streamlined decision-making body.

TWSC

The TWSC is made up of the 5 portfolio holders with transport responsibilities from the Tyne and Wear Authorities. The quorum for the TWSC is 4. This Sub-Committee is responsible for making key decisions that influence transport within the Tyne and Wear area. Given the significance of the work undertaken by the Sub-Committee, the desire for each of the Tyne and Wear Authorities to be represented at the TWSC meetings is recognised. It is inevitable that on occasion a Member will be unable to attend the meeting. It is therefore recommended that a substitute Member is appointed to attend in the absence of the full Member.

To maintain a streamlined approach and to ensure the substitute Member has appropriate knowledge and training it is recommended that the substitute is the second Member representative or the Constituent Authority's substitute representative on TNEC. Members of TWSC have requested that substitutes be provided for.

Governance Committee

The Governance Committee (which combines audit and standards work) is made up of one member from each Constituent Authority from either their Audit or Standards Committee together with 2 non voting co-opted members. The quorum is 5 and the Committee has requested that substitutes be provided for. It is recommended that provision should be made for substitute Members but that any substitute Member should be a current member of either the Audit or Standards Committee of each Constituent Authority. This will ensure any substitute member has the requisite knowledge without the need for significant additional training.

Overview and Scrutiny

Members of Overview and Scrutiny have considered whether to request provision for substitute members. At this point, following formal consideration and a vote on the issue, substitute Members have not been considered necessary by the Committee. However, the Committee has requested that the position be kept under review.

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The Economic Development and Regeneration Advisory Board

The Advisory Board is proposed to be made up of a member from each of the Constituent Authorities as voting members with the Chair being the Thematic Lead for Economic Development and Regeneration. Additional non-voting co-optees are provided for. The quorum is expected to be 5. It is recommended that a substitute member from each of the Constituent Authorities is permitted.

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North East Leadership Board (NELB)

Appendix C – Proposed changes to the Constitution to introduce Substitute Members

3.1 North East Leadership Board Responsibility for Functions

Information:

1. The Order requires each constituent authority to appoint another of its elected members to act as a member of the NECA in the absence of the member appointed to the NECA. These appointments will usually be made by each Constituent Authority prior to the NELB's Annual Meeting.
2. For more information on substitutes, the items of business for the Annual Meeting and ordinary meetings of the NELB see Part 4 – Rules of Procedure.

3.2 Transport North East Committee Responsibility for Functions

Information:

1. The Chair of the TNEC will be selected annually by the NELB. The Chair of the TNEC will be the Thematic Lead for Transport appointed by the NELB.
2. There will be three Vice Chairs of the TNEC selected annually by the NELB who will be drawn from the members of the Constituent Authorities appointed to the TNEC with portfolio responsibility for Transport in their respective Constituent Authority area. One Vice Chair will be selected from the members of the Tyne and Wear Authorities. One Vice Chair will be the Executive member with portfolio responsibility for Transport for the County Council of Durham and one Vice Chair will be the Executive member with portfolio responsibility for Transport for Northumberland County Council.
3. One substitute member is permitted for each Constituent Authority.

3.3 Transport North East (Tyne and Wear) Sub-Committee Responsibility for Functions

Information:

1. The Chair of the TWSC will be selected annually by the NELB. The Chair of the TWSC will be the Vice Chair of the TNEC representing the Tyne and Wear Authority areas.
2. The Vice Chair of the TWSC will be selected annually by the NELB and will be selected from the remaining members of the Tyne and Wear Constituent Authorities appointed to the TWSC having portfolio responsibility for Transport in their Constituent Authority area.

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One substitute member is permitted for each Tyne and Wear Constituent Authority. The substitute member is to either be the Tyne and Wear Constituent Authority's second member of TNEC or their named TNEC substitute member.

3.5 Economic Development and Regeneration Advisory Board Responsibility for Functions

Information:

1. One substitute member is permitted for each Constituent Authority.

4.1 North East Leadership Board Rules of Procedure

22. Substitutes

Substitute Members may attend the meetings they have been appointed to as a substitute member to take the place of an ordinary member of the committee or sub-committee.

Two types of substitute can be made:

1. Where the ordinary member of the committee or sub-committee will be absent for the whole of the meeting.

Once the meeting has commenced and the substitute is present and participating the appointed Member of the relevant committee or sub-committee shall not be entitled to attend the relevant meeting as a member of the committee and this substitution shall apply for the entire meeting including where the meeting is reconvened after adjournment.

2. Where the ordinary member of the committee has a registerable or non-registerable interest in a matter which requires the Member to leave the room whilst the matter is discussed and decided upon (see Part 6.1 - Code of Conduct for Members). In these circumstances the substitute member will only act as a member of the committee for the duration of the discussion on that matter.

When this type of substitution is required, the Monitoring Officer and the Chair of the Leadership Board should be notified prior to the commencement of the meeting.

4.2 Governance Committee Rules of Procedure

9. Substitutes

Two types of substitute can be made:

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1. Where the ordinary member of the committee or sub-committee will be absent for the whole of the meeting.

Once the meeting has commenced and the substitute is present and participating the appointed Member of the relevant committee or sub-committee shall not be entitled to attend the relevant meeting as a member of the committee and this substitution shall apply for the entire meeting including where the meeting is reconvened after adjournment.

2. Where the ordinary member of the committee has a registerable or non-registerable interest in a matter which requires the Member to leave the room whilst the matter is discussed and decided upon (see Part 6.1 - Code of Conduct for Members). In these circumstances the substitute member will only act as a member of the committee for the duration of the discussion on that matter.

When this type of substitution is required, the Monitoring Officer and the Chair of the Governance Committee should be notified prior to the commencement of the meeting.

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North East Combined Authority

North East Leadership Board

DATE: 21 April 2015

SUBJECT: Financial Update

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report presents a summary of financial issues for information, including information about grants receivable; accounting and audit arrangements; as well as an update on relevant information contained in the national budget.

The next monitoring report on the revenue outturn for 2014/15 will be provided to the Leadership Board's meeting in June and there are no significant issues to report at this stage.

RECOMMENDATIONS

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

North East Combined Authority

North East Leadership Board

1 Executive Summary

- 1.1 This report sets out information about Regional Growth Fund and Local Growth Fund grants for 2015/16 and future years. It sets out the progress being made to consolidate the accounting arrangements for NECA and the external audit arrangements and the level of the external audit fee announced for 2015/16.

The report also highlights some of the relevant announcements in the March national budget.

2 Grant Arrangements

Regional Growth Fund Grant

- 2.1 The administrative responsibility for £30m of Regional Growth Fund grant was formally transferred to NECA from Sunderland City Council by the Department for Business, Innovation and Skills by agreement, effective from 29th April 2014.
- 2.2 The Department agreed that £8m of this Regional Growth Fund grant can be carried over into 2015/16. This should enable the full £30m to be spent on approved RGF projects. It has also been confirmed that all approved RGF projects were contractually committed by 31 March 2015, which takes up the full grant allocation.

Local Growth Fund Grant

- 2.3 NECA received an upfront grant payment of £53,910,000 on 10th April. This was in respect of the Local Growth Fund grant for 2015/16 of £41m plus £12.9m in respect of Local Transport Major projects. This will be invested and any interest earned on the grant will be added to the funding available in year. This grant relates to 22 Local Growth Fund projects that were approved in 2014 and 6 Local Transport major projects. All the projects are included in the NECA approved capital programme for 2015/16. Funding confirmation letters will be issued to individual projects as soon as practically possible, taking into account conditions that have to be met and the need to agree wording in relation to funding requirements for future years. It is now expected that the 2.5% contribution to programme management costs can be met from within the overall programme budget, which means that this planned 2.5% topslice will not now be made from the funding for individual projects.
- 2.4 The following indicative profile of annual grant payments from 2016/17 onwards that the Department for Communities and Local Government expects to be in a position to pay to North East Combined Authority, as the Accountable Body for the North East LEP, was set out in a letter from Tom Walker, Director,

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Cities and Local Growth Unit in DCLG. This relates to LGF funding announcements previously made and excludes transport and other sources of funding.

Indicative LGF Grant Payment Profile in Future Years	£
2016/17	79,401,982
2017/18	31,818,761
2018/19	24,065,417
2019/20	16,650,627
2020/21	14,550,627
Total	166,487,417

- 2.5 The letter did not give a binding commitment to this indicative profile as it made clear that “this is only an indicative allocation and confirmation of payments from 2016-17 onwards are subject to the outcome of the next Spending Review and the outcome of any further awards of the Local Growth Fund”. Confirmation of the status of the funding and the profile is being sought and formal confirmation of a specific annual profile will be sought after the spending review so that the programme for future years can be planned with more certainty. Confidence about future grant funding would enable the Combined Authority to use its other funding to deliver a more flexible funding profile to better match the need to progress projects earlier where this is possible and desirable.

Local Transport Capital Block Funding Highways (Integrated Transport) Specific Grant.

- 2.6 On 31 March NECA received confirmation of this specific grant (determination No 31/2530) in the amount of £13,949,000. The capital block fund will be paid to NECA in 4 quarterly instalments of £3,487,250 on 24 April, 24 July and 23 October 2015 and 22 January 2016.

3 Accounting and Audit Arrangements

- 3.1 Progress has been made in consolidating the accounting records into one accounting ledger for NECA and holding the balance of all funds in the bank accounts of NECA. Arrangements are being made to transfer NECA's bank account from the Co-operative Bank to Lloyds Bank towards the end of the first quarter in 2015/16 following a recent tendering exercise to find a replacement bank.
- 3.2 The Audit Commission confirmed the level of the fees for our external audit service in 2015/16 at £24,298. This represents a saving of £6,089 compared with the fee for 2014/15. Discussion have taken place with Mazars, our new auditors for 2015/16, to help ensure a smooth transition from the current external audit arrangements with Deloitte, who have responsibility for auditing our final accounts for 2014/15.
- 3.3 The Audit Commission ceased to exist on 31 March 2015. An independent company created by the Local Government Association, called Public Sector Audit Appointments Limited (PSAA), will be responsible for overseeing the Commission's current external audit contracts with audit firms from 1 April 2015 until December 2017 or up to 2020. It will manage the contracts and

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exercise statutory powers to appoint auditors, set and determine fees. Other responsibilities have been allocated to a range of organisations including the National Audit Office. Information about where the responsibilities have been transferred to is set out at the following website page - <http://www.audit-commission.gov.uk/about-us/future-functions-at-a-glance>.

4 March 2015 National Budget Update

- 4.1 The national budget on 18 March provided information about the latest economic forecasts and made some specific announcements in respect of public spending. This report highlights some specific announcements that are relevant to the North East. The Treasury Press release summarising what the Budget means for the North East is a background document that can be found with the following link <https://www.gov.uk/government/news/budget-2015-what-is-means-for-the-north-east>. The on the day budget briefing from the Local Government Association is available as a background document on their web <http://www.local.gov.uk/documents/10180/6869714/On+the+Day+Briefing+Budget+2015+FINAL.pdf/0f2530e0-78d4-4f09-8121-3b0e300efb15> site.
- 4.2 The Chancellor announced further devolution deals in other parts of the country. The content of these deals will be taken into account in developing the detailed devolution proposal being developed for the North East.
- 4.3 While the overall fiscal envelope still envisages significant cuts in national Total Managed Expenditure for 2016/17 and 2017/18, the budget indicated a levelling out of spending in 2018/19 with the potential for an increase in national funding in 2019/20. This represents an improvement in the later years of the next parliament compared with previous announcements. Specific figures for local government will not be announced until the outcome of the 2015 Spending Review is known later this year. A key issue remains the distribution of funding and cuts between councils, which will impact on the funding available to the constituent councils in NECA.
- 4.4 The Chancellor set out further proposals to develop the Northern Powerhouse. For the NECA area there were four specific announcements –
- potentially receiving part of Investing £20m over 4 years to fund the establishment of four pilot ‘Connected Health Cities’, as part of the foundation stage of the Health North project;
 - investing £300,000 for a new marketing campaign to boost tourism links between the North East and Scandinavia;
 - Newcastle University will be receiving £10m for research in infrastructure and cities, as part of funding announced for the UK Collaboratorium for Research in Infrastructure and Cities (UKCRIC); and
 - the designation of a new Housing Zone in Gateshead, with the potential to deliver over 1,000 new homes by regenerating brownfield land.
- 4.5 The Chancellor made reference to the interim report to be published by Transport for the North. This recently published report highlighted potential

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future improvements to the national rail link to Leeds. This included developing options to increase capacity and speed for passengers and freight, including 140mph running to take advantage of the latest generation of electric trains. “Amongst the options being considered for relieving the two track section of the East Coast main line between Newcastle and Northallerton is a possible re-opening of the Leamside line through County Durham and Washington. The report also mentions completing the upgrade of the A1, A19 and exploring improvements to the A69 and examining the case for further extensions and planned improvement to the A1 to the Scottish border.

5 Potential Impact on Objectives

- 5.1 The report sets out finance issues that help the Authority to support the meeting of its objectives.

6. Finance and Other Resources

- 6.1 The report sets out the finance and resource considerations in details.

7 Legal

- 7.1 The NECA has a duty to ensure it can deliver a balanced budget and the Local Government Act 2003 imposes a duty on it to monitor its budgets during the year. This report contains important financial information sufficient to ensure that this duty is complied with.

8 Other Considerations

8.1 Consultation/Community Engagement

There are no additional issues for consultation.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

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

8.4 Risk Management

Financial risks associated with the Authority’s grant activities, and actions taken to mitigate these, will be factored into management processes for the Authority. Risks relating to the uncertainty of funding for future years will be reflected in the approvals that can be given to individual projects.

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8.5 Crime and Disorder

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

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report

9 Background Documents

9.1 Budget Briefings referenced in the report.

10 Links to Plans in the Policy Framework

10.1 This report links to transport and other Plans in the Policy Framework.

11 Appendices

11.1 None.

12 Contact Officers

12.1 Paul Woods, paul.woods@northtyneside.gov.uk 07446936840

13 Sign off

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