

North East Leadership Board

Tuesday 15th July, 2014 at 2.00 pm

Meeting to be held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

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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 Previous Meeting	1 - 8
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12.	The North East Local Enterprise Partnership (NELEP) - Funding Agreements	75 - 80
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14.	Date and Time of Next Meeting	

16 September 2014 at 2pm (special meeting to consider Annual Accounts)
at South Tyneside Council.

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 (NELB)

29 April 2014

Present:

Councillor: Henig (Chair)

Councillors: Davey, Forbes, Hall, Henry, Malcolm, Redfearn and Watson

North East Local Enterprise Partnership: Ms Hall

IN ATTENDANCE:

Councillor F Hindle (Gateshead Council)

CHAIR'S OPENING REMARKS

The Chair informed the meeting that a request had been received from Councillor Hindle of Gateshead Council to address the Leadership Board. The Chair was minded to agree to this request to promote openness in the Authority's meetings. The proposal was generally endorsed.

6. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

7. DECLARATIONS OF INTEREST

There were no declarations of interest.

8. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 15 April 2014 were approved as a correct record and signed by the Chair.

9. ADOPTION OF CONSTITUTION, OPERATING AGREEMENT AND SEAL

(a) Membership of NELB

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

Members considered the report which invited them to appoint representatives from the North East Local Enterprise Partnership (the “LEP”) to the North East Leadership Board as a member and substitute member of the Leadership Board. The report also invited members to identify the Thematic Leads for Transport, Economic Development and Regeneration and Employability and Inclusion.

It was noted that formal nomination of the LEP representatives had yet to be received and therefore it was appropriate to defer the appointment of LEP representatives until the formal processes within the LEP had been completed.

RESOLVED – That:

- a) The appointment of a representative of the North East Local Enterprise Partnership to the Leadership Board as a member of the Authority, as nominated by the North East Local Enterprise Partnership, be deferred pending the receipt of formal nominations;
- b) The appointment of a representative of the North East Local Enterprise Partnership to the Leadership Board as a substitute member of the Authority, as nominated by the North East Local Enterprise Partnership, be deferred pending the receipt of formal nominations;
- c) The following members of the Leadership Board be the Thematic Leads for Transport, Economic Development and Regeneration and Employability and Employment:

Transport – Councillor Nick Forbes;

Economic Development and Regeneration – Councillor Paul Watson; and

Employability and Inclusion – Councillor Grant Davey.

(b) Report on Decision Making in 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 invited them to agree the formal decision-making arrangements for the North East Combined Authority (“the Authority”) through the adoption of the Constitution, the Deed of Operation and the Common Seal. The report also provided the formal agreement for the Authority to undertake the role of Accountable Body for the North East Local Enterprise Partnership.

It was noted the Constitution, once adopted, would be subject to a review and a further report submitted to the Leadership Board in October 2014. In addition, other necessary amendments which may arise would be brought to the Leadership Board as and when required. It was also confirmed that a Chair of the Authority must be approved on an annual basis but that the tenure of that office was referred to in the Deed of Operation.

RESOLVED – That:

- a) the Constitution annexed at **Appendix 1** of the report be adopted;
- b) the Deed of Operation annexed at **Appendix 2** of the report be entered into;
- c) the Authority would undertake the role of Accountable Body for the North East Local Enterprise Partnership (“the LEP”); and
- d) the Common Seal of the Authority, the facsimile of which had been appended to the report at **Appendix 3**, be adopted.

10. **APPOINTMENT OF COMMITTEE MEMBERSHIP (INCLUDING APPOINTMENT OF CO-OPTED INDEPENDENT MEMBERS OF THE GOVERNANCE COMMITTEE AND APPOINTMENT OF INDEPENDENT PERSON), APPOINTMENT OF CHAIRS AND VICE-CHAIRS AND APPOINTMENT OF EXTERNAL AUDITORS**

Submitted:

- (i) A report of the Monitoring Officer (previously circulated and copy attached to Official Minutes); and
- (ii) A replacement Appendix 1 (with the Chair’s permission, due to the timescales involved circulated at the meeting and copy attached to Official Minutes).

Members considered the report which sought their agreement to the appointment of Members to the Joint Transport Committee known as the Transport North East Committee (TNEC), its Sub-Committee known as the Transport North East (Tyne and Wear) Sub-Committee, and the North East Combined Authority (“the Authority”) Committees, namely, the Overview and Scrutiny Committee and the Governance Committee. The report also invited agreement on the process for the appointment of Chairs and Vice Chairs of those committees and Independent Members of the Governance Committee. The report also requested the Leadership Board to agree the appointment of Deloitte LLP as the External Auditor of the Authority. The report also requested the Leadership Board to agree arrangements to identify an Independent Person as required by the Localism Act 2011 in respect of the Code of Conduct complaints. The report was introduced by V Geary.

It was noted that nominations were now received from Northumberland, as follows:
 Overview and Scrutiny Committee: Councillors Peter Jackson and Val Tyler;
 Transport for North East Committee: Councillors Ian Swithenbank and Dave Ledger;
 and
 Governance Committee: Councillor Anne Dale.

Councillor Hindle was invited to address the Leadership Board. Councillor Hindle raised the importance of political balance in local democracy and decision-making. In acknowledging those comments, the Chair explained that each constituent Council had been requested to nominate members and each Council was free to make those nominations in the way they considered appropriate.

RESOLVED – That:

a) The nominated Constituent Authority Members be appointed to the Transport North East Committee (“the TNEC”), the Transport North East (Tyne and Wear) Sub-Committee (“the TWSC”), Overview and Scrutiny Committee and the Governance Committee as follows:

**Transport for North East Committee (TNEC)
Membership for the Municipal Year 2014/15**

Durham:

Councillors Neil Foster and Joy Allen

Gateshead:

Councillors John McElroy and Stuart Green

Newcastle upon Tyne:

Councillors Nick Forbes and Joyce McCarty

North Tyneside:

Councillors Frank Lott and Muriel Green

Northumberland:

Councillors Dave Ledger and Ian Swithenbank

South Tyneside:

Councillors James Foreman and Gladys Hobson

Sunderland:

Councillors James Blackburn and Melville Speding

**Transport North East (Tyne and Wear) Sub-committee (TWSC) Membership for
the Municipal Year 2014/15**

Gateshead: Councillor John McElroy

Newcastle upon Tyne: Councillor Joyce McCarty

North Tyneside: Councillor Frank Lott

South Tyneside: Councillor James Foreman

Sunderland: Councillor James Blackburn

**Governance Committee
Membership for the Municipal Year 2014/15**

Durham: Councillor Edward Bell

Gateshead: Councillor John Hamilton

Newcastle upon Tyne: Councillor Hilary Franks

North Tyneside: Councillor John O’Shea

Northumberland: Councillor Anne Dale

South Tyneside: Councillor Audrey McMillan

Sunderland: Councillor Henry Trueman

Independent Members: Mr Mark Scrimshaw and Mr George Clark (interim, for a period of 6 months)

Independent Person: To be confirmed (one year appointment)

**Overview and Scrutiny Committee
Membership for the Municipal Year 2014/15**

Durham:

Councillors Joseph Armstrong and Paul Stradling

Gateshead:

Councillors John Eagle and Pauline Dillon

Newcastle upon Tyne:

Councillors Sue Pearson and Anita Lower

North Tyneside:

Councillors Sandra Graham and Ray Glindon

Northumberland:

Councillors Peter Jackson and Val Tyler

South Tyneside:

Councillors Nancy Maxwell and Margaret Meling

Sunderland:

Councillors Richard David Tate and Norma Wright

b) Deloitte LLP ("Deloitte") be appointed on an interim basis as the External Auditor for the Authority;

c) The Thematic Lead for Transport be appointed as Chair of the TNEC. The Members with portfolio responsibility for Transport from Durham and Northumberland County Councils be appointed as Vice-Chairs of the TNEC for the Municipal Year 2014/15. The appointment of a Vice-Chair from the Tyne and Wear Councils for the Municipal Year 2014/15 be delegated to the TNEC.

The appointment of the Chair and the Vice-Chair of the TWSC for the Municipal Year 2014/15 be delegated to the TWSC.

The appointment of the Chair and the Vice-Chair of the Overview and Scrutiny Committee for the Municipal Year 2014/15 be delegated to the Overview and Scrutiny Committee;

d) The Monitoring Officer be authorised in consultation with the Chair and Vice-Chairs of the Authority to undertake an exercise to identify an Independent Person for the Authority and to report to a future meeting of the Leadership Board the appointment of the Independent Person for a period of one year; and

e) Mark Scrimshaw and George Clark be appointed as the Independent Members of the Governance Committee and Chair and Vice-Chair of that Committee respectively on an interim basis for a period of 6 months, and the payment of a fee of £1000 and £500 respectively for fulfilling those roles in that period be agreed.

11. PROGRAMME OF MEETINGS

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

Members considered the report which invited them to agree the programme of meetings for the Municipal Year 2014/15.

RESOLVED – That:

- (i) the proposed programme of meetings, as set out in Appendix A, be noted as an indicative programme of meetings;
- (ii) consideration be given to extending the proposed duration of the TNEC meetings; and
- (iii) dates of meetings be agreed with the Chairs of respective committees.

12. **REPORT ON THE 2014/15 BUDGET FOR THE COMBINED AUTHORITY**

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

Members considered the report which invited them to agree the Authority's proposed base budget for 2014/15 and some practical considerations for 2014/15.

It was noted that there would be no impact on the LEP staff as a result of the transfer of responsibilities from LEP to the Combined Authority and that relevant staff would be seconded to the Combined Authority.

RESOLVED – That:

1. A base net revenue Budget of £89.73m for 2014/15 as summarised in Table 1 at 6.2, to be adjusted proportionately to reflect the number of days that the Combined Authority would operate in 2014/15, be agreed;
2. A base Capital Programme for 2014/15 of up to £66m as set out in this report, which would be adjusted to reflect the level of anticipated spending after the commencement date in 2014/15, be agreed;
3. The Leadership Board noted that 2014/15 would be a transitional year, and that it was intended to continue most existing SLA agreements, wherever it was reasonable to do so, for the year and that these would be reviewed during the year in time for revised proposals for 2015/16 to be considered in the Autumn of 2014;
4. The Leadership Board noted the information from the various workstreams that could have an impact on the ongoing financial contribution or lead to one off set up costs which would need to be funded on an equal shares basis;
5. The proposal to establish an unearmarked reserve for the Authority amounting to £350,000, made up of a one-off contribution of £50,000 from each member Council, be agreed;
6. The Leadership Board noted the proposed approach to the allocation of corporate costs of the Authority set out in sections 4.3 and 4.4 of the report;

7. The provisional increase in the annual contribution for LA7 Costs of £11,373 to a contribution of £20,000 to the costs of the Combined Authority be agreed;

8. The Leadership Board noted that the Value Added Tax (Refund of Tax) Order 2014 added the Authority to a scheme in the VAT Act 1994 through which VAT may be recovered and the proposals to deal with the accounting and audit implications due to a commencement date later than 1 April 2014.

13. **COMBINED AUTHORITY - NAME AND BRANDING**

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

Members considered the report which sought their views on the proposed options for the name to be used for branding of the Combined Authority and the associated logo following the completion of the statutory process to establish the new body.

RESOLVED – That:

- (i) Option 1, referred to in paragraph 2.3 of the report, be adopted as the brand for the Combined Authority; and
- (ii) The logo design identified as the first logo in Appendix 1 be adopted as the brand of the Combined Authority.

14. **COMMON SEAL**

RESOLVED – That the Common Seal be affixed to all deeds and documents required for carrying into effect the various decision of the Combined Authority since its last meeting.

15. **DATE AND TIME OF NEXT MEETING**

Tuesday, 15 July 2014 at 2pm. Venue to be confirmed.

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North East Combined Authority

North East Leadership Board (NELB)

DATE: 15th July 2014

SUBJECT: Transport Policy Update

REPORT OF: Cllr Nick Forbes - Transport Portfolio Lead, North East Combined Authority

Andrew Lewis – Economic Directors Group, North East Combined Authority

EXECUTIVE SUMMARY

This paper summarises information discussed by the Transport North East joint committee, updated with new information for the Leadership Board. The North East Combined Authority brings together transport functions across an area of nearly 2 million people, offering the opportunity to influence our connectivity to the rest of the UK and the world, to attract new investment, and to ensure that transport make a strong contribution to sustainable and inclusive economic growth – helping us to realise our aspirations for communities, the environment and the economy. To achieve this vision we need a clear “manifesto” for transport, which is both ambitious and deliverable.

The Chancellor of the Exchequer stated on 23rd June that “the transport network in the north is simply not fit for purpose”. The inception of the NECA, combined with the government’s acknowledgement of the limitations in our current transport network, offers a unique opportunity to make the case for a step change in our transport connectivity.

RECOMMENDATIONS

It is recommended that the Leadership Board:

- Note the opportunities provided by the new Combined Authority, to improve integrated transport across the region and to enhance our influence on national decisions affecting the connectivity of the North East;
- Approve development of a NECA Transport Strategy to provide a high-level strategic overview of our aspirations for transport improvements across the region;
- Agrees to retain the Assurance Framework agreed by the seven councils to underpin their previous role in setting transport investment priorities as a Local

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Transport Body, subject to changes which reflect the new Combined Authority arrangements;

- Endorses the North East Rail Statement, agreed with partners in the Tees Valley through the Association of North East Councils;
- Recommends that NECA participates as a full and active partner in Rail North, and joins the proposed Association of Northern Transport Authorities;

1 Background Information – the new transport arrangements

1.1 On 29th of May the first meeting took place of the new Transport North East joint committee, bringing together representatives from the seven local authorities to support the Combined Authority's transport responsibilities. The Combined Authority provides a mechanism for the North East to have a much stronger voice to influence investment in national transport infrastructure, and over time to move to more integrated arrangements for transport across the Combined Authority area. The Transport North East Committee endorsed this approach, and a work programme to advance these objectives.

1.2 The Combined Authority can improve transport by joining up services across the Tyne & Wear/Durham/Northumberland boundaries; bringing together powers and responsibilities on a multi-modal basis; embedding transport within a wider economic strategy; joint promotion of sustainable modes; and securing devolved decision-making and greater influence on central government decisions in respect of transport issues that affect the north.

1.3 There are immediate opportunities for the Combined Authority to establish its position within the Rail North partnership, to advocate improvements to the East Coast Main Line, to lobby for regional benefit from HS2 and to secure investment in the A1 and A19 as key inter-regional road routes. The LEP and Combined Authority have already identified a clear strategy for transport within the Strategic Economic Plan, including investment to unlock development sites, reduce congestion, open new rail routes, continue reinvigoration of the Metro system and improve connectivity, whilst also seeking to de-carbonise our transport system.

1.4 The Combined Authority itself will have a substantial budget for public transport services, with the prospect of further devolved funding from the Department for Transport, for which the Combined Authority will be the accountable body. It will also inherit responsibilities from the Tyne and Wear Integrated Transport Authority; including a decision on a Quality Contract Scheme/ Voluntary Partnership arrangement for bus services within Tyne & Wear and on certain cross-boundary routes. A decision on this matter will be brought to the Leadership Board following further assessment of the relative merits of these approaches, and on the basis of a recommendation from the Transport North East joint committee.

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1.5 The Combined Authority will fulfil the role of a Local Transport Body, responsible for oversight of the funding devolved by the Department for Transport for local major transport schemes. The seven councils have agreed an assurance framework associated with the creation of the Local Transport Body, and DfT have been notified that this robust approach will be maintained under the new Combined Authority arrangements. This means that investments approved by the Leadership Board, in its role as a Local Transport Body, can be delivered under the new Combined Authority arrangements. It is therefore recommended that the Leadership Board agrees to retain the agreed assurance framework, subject to changes which reflect the new Combined Authority arrangements, which replace the previous North East Local Transport Body.

1.6 It is proposed to begin development of a NECA Transport Strategy, for commencement in 2015. Such a document will provide a strategic overview of transport provision and aspirations across the region, covering many of the issues raised in this paper, whilst delivery plans that are aligned to the NECA transport strategy will be developed for Tyne and Wear, Northumberland and Durham.

2 Opportunities for Enhanced Connectivity

Strategic Economic Plan

2.1 [to be completed following announcements expected on 7th July

Integrating transport services

2.2 The formation of the Combined Authority provides an immediate opportunity to improve the integration of public transport services across the area. In the short-term the Combined Authority and its constituent members are an active partner in the North East Smart Ticketing Initiative (NESTI). NESTI offers a step change in the ability to deliver integrated ticketing across modes using smartcard technology, working with bus operators and Nexus, and there is a key role for the authority to play in encouraging the roll-out of innovative travel products, not just for commuters but also for those seeking to access education or training.

2.3 The current round of franchise negotiations for the national rail network provide the Combined Authority with an opportunity to work with regional and national train operators to encourage the development of joint products across national, regional and local public transport services. Again, the NESTI project provides a platform upon which to develop this aspiration and the Combined Authority can seek to influence its usage via the franchising consultation process.

2.4 There is also the opportunity to work more closely together on information provision and the marketing of public transport services across the area. In the first instance, a review of information available digitally to provide a central 'Transport North East' information portal provides the opportunity to make an immediate impact, combining a number of separate information sources to dramatically enhance the

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range and quality of the information available to travellers via a single point of access.

A better rail system

2.5 An unprecedented programme of railway modernisation and investment is being implemented across the UK and the inception of the Combined Authority offers an enhanced opportunity for the region to influence the development of future rail services, to deliver much-needed improvements to the North-East rail network and secure far better regional and national rail connectivity. In particular, the rail investments proposed in the Strategic Economic Plan offer the potential to restore railway passenger services to densely-populated towns in the region (such as Ashington, Horden and Washington) that have been isolated from the network for decades.

Specific areas where the Combined Authority will seek to apply this influence include:

- Influencing the franchise process for the East Coast Main Line via engagement with bidders;
- Involvement in the East Coast Main Line authorities group, advocating major investment in the line to deliver substantial economic benefits;
- Coordinated work with other Combined Authorities across the North, to promote investment in stronger inter-city and inter-regional connections, including through the 'Connected Cities' campaign, and making common-cause on inter-city links within the north;
- Advocacy of the rail investments proposed in the Strategic Economic Plan, including the opening of new lines or services to add capacity on the East Coast Main Line between Newcastle and Northallerton, improvements to the Durham Coast line and the restoration of passenger trains to the Ashington, Blyth and Tyne route;
- A common position on rail investment with the Tees Valley, being considered through a North East Rail Study by ARUP, and a proposal for a common statement on rail by ANEC leaders;
- Influencing the development of the eastern Y route of HS2, in the light of recent reviews by David Higgins and Lord Deighton, including an increase in capacity on the East Coast Mainline to accommodate HS2 services

The Chancellor of the Exchequer has recently endorsed the concept of "HS3" to improve high speed links between the northern cities. It is not yet clear what specific investments the government will support. It is clearly important that the North East is able to influence these developments, and to this end the Combined Authority is working closely with other Combined Authorities across the north, to develop plans

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for inter-city rail connections and the investments required to unlock them. Passengers and businesses in the North East have much to gain from better connectivity across the north, and poor services to Manchester, Birmingham and other cross-country routes are a barrier to our economy. Often the North East's connectivity will be improved through investment in other regions, for example to improve cross-Pennine services. There are also important investment priorities within the North East, including the East Coast Main Line, which will be necessary to realise this vision. It is therefore proposed that the North East Combined Authority should continue to play an active role in working to develop these investment priorities.

Rail North

2.6 In parallel with these developments, northern local authorities have agreed in principle to create a 'Rail North' partnership, to work more closely with DfT in the delivery of new franchises for Northern Rail and Trans-Pennine Express services. This proposition has evolved, as DfT have decided against the full devolution of funding responsibility for services at this stage. Nevertheless, the Rail North partnership provides an opportunity to influence the development of the franchises, and to secure stronger local democratic control. There are however risks that reductions to the subsidies available for these services could present difficult issues for the region, and it will be important to secure a strong level of influence within these arrangements to mitigate these risks as far as possible. The DfT and Rail North have jointly released a consultation on the future of the Northern and Trans Pennine rail franchises, and a response to this consultation on behalf of the Combined Authority will be considered at the 29th of July meeting of the Transport North East Committee.

To ensure the North East Combined Authority is at the forefront of these developments, it is recommended that the Authority join the proposed Association of Northern Transport Authorities, which will provide governance for these arrangements.

Metro Strategy

2.7 The Metro Strategy 2030 sets out ambitions for the development of the Tyne and Wear Metro system through to 2030 and beyond. The analysis to date gives highest priority within the strategy to the replacement of the Metro fleet beyond 2020. There may be scope to extend the Metro beyond its current sphere of operation and the boundaries of Tyne and Wear to more fully reflect travel patterns across the wider region, in particular to adjacent parts of County Durham and Northumberland. The Metro system has become a valued and iconic part of our transport network, removing large numbers of car journeys from local roads, and the Combined Authority will have an important role to play in determining its future development.

HS2

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2.8 HS2 will have profound consequences for rail travel and the economy across the country, and it is vital that the north east secures maximum benefit. The Combined Authority will want to secure a high level of influence as plans are developed. As well as influencing the routes and delivery timescales for HS2 trains, it is important to link this opportunity to wider economic and business benefits; including business supply-chains, skills developments and economic regeneration around stations and linked routes. It is also vital that investment in HS2 is complemented by other investments on existing lines, particularly the East Coast Main Line and services between other major cities in the north and midlands.

2.9 A key concern for the Combined Authority area is to ensure there is sufficient capacity on the two-track section of the East Coast Main Line between Northallerton and Newcastle, without which there could be insufficient capacity for HS2 trains north of York. The North East Local Enterprise Partnership has commissioned a study to examine the options and outputs that would arise from investment to relieve this bottle neck. Local businesses and skills providers, including our local universities and colleges, are also involved in demonstrating the role that the north east could play in delivering HS2, building upon the north east's history and expertise in the rail sector.

2.10 In order to demonstrate the contribution the NECA area can make to the development and construction of the proposed High Speed Rail network, a document has been produced that summarises the skills and expertise available across our supply chain and our educational institutions for consideration by the Leadership Board.

3 Roads

3.1 In summer 2013 the Government published *Investing in Britain's Future* and *Action for Roads*, outlining their intention to transform the way they invest in and manage the strategic road network. The documents revealed the government's intention to reform the Highways Agency (HA) from an executive agency of the Department for Transport (DfT) to a government-owned company.

3.2 The main aims of the changes are to:

- Give the HA the freedom to manage the day-to-day operation of the roads while remaining fully accountable for the state of the network;
- Provide greater certainty and flexibility of funding, and stability over delivery requirements, to allow the operator and the supply chain to plan ahead and deliver more efficiently; and
- Improve accountability and transparency for road users and the wider public about what the HA are delivering and how they are performing.

3.3 Under the new arrangements the HA will be required to develop a Roads Investment Strategy (RIS). The document, which will be published late in 2014, will set out a five-year investment programme and performance standards that the new government-owned company will have to achieve.

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3.4 On 30th April 2014 the government published their response to the public consultation, which ran from 29th October 2013 until 20th December 2013. The document sets out the decisions government have made following the public consultation and summarises the intentions for the new company, one of which is the requirement for the new company to co-operate with local authorities and other stakeholders. This provides the North East Combined Authority with an important opportunity to input into the RIS.

3.5 Further details about the governance framework documentation and the RIS are expected to be made available in summer 2014 and it is intended that the new company will come into operation in spring 2015.

3.6 As part of the publication *Investing in Britain's Future* and *Action for Roads*, DfT and the HA made a commitment to identifying and funding solutions to tackle several known road issues by undertaking a set of feasibility studies targeted at key locations and problems. The studies are targeted at key locations and problems.

A1 Proposals

3.7 Six feasibility studies are being carried out, two of which are in the North East; A1 North of Newcastle and A1 Western Bypass. The Department for Transport presented their proposals for the scope of the A1 North of Newcastle and A1 Western Bypass studies at an initial engagement event in Newcastle on 28th January 2014. Proposals for the timing and management of the studies were also set out at the event.

3.8 The views expressed at the event have been considered. The scope of the two study documents have now been finalised and they are available on the Department for Transport's website. Officers from the Combined Authority continue to engage with the H.A and DfT via stakeholder groups to ensure that the views of the NECA are taken into account during development of the respective studies.

A19 Proposals

3.9 The Highways Agency proposes to improve the A19/A1058 Coast Road junction by upgrading the existing grade separated roundabout to a three level interchange. The works are expected to alleviate congestion, enhance capacity and improve safety. The scheme is currently progressing through the development phase. However, a decision on whether or not to construct the scheme will not be taken until the next spending review post 2015.

3.10 The Highways Agency's proposal to improve the A19 by constructing a flyover to take the A19 over the Testo's junction is also being accelerated through the development phase. The scheme aims to improve road safety and alleviate congestion.

4 Potential Impact on Objectives

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4.1 Successful delivery of the various transport schemes and programmes outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

5 Finance and Other Resources

5.1 There are no direct implications arising from this report

6 Legal

6.1 There are no specific legal implications arising from this report

7 Other Considerations

7.1 Consultation/Community Engagement

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

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

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

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8.1 The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority constitution April 2014

9 Links to Plans in the Policy Framework

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

10 Appendices

10.1 Appendix – North East Rail Statement' document

11 Contact Officers

11.1 Mark Wilson, Combined Authority Transport Advisor,
mark.wilson@newcastle.gov.uk

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)

DATE: 15 July 2014

SUBJECT: Economic Development and Regeneration Update

REPORT OF: Cllr Paul Watson – Thematic Lead for Economic Development and Regeneration

EXECUTIVE SUMMARY

The Combined Authority, working in partnership, provides a major opportunity to transform the North East economy so that it provides more and better jobs and continues to grow in a sustainable way that benefits the whole area. Through playing a direct role in coordinating key activities around economic assets, the attraction of inward investment and better digital connectivity, this Portfolio will play an important part in the collective effort to grow the economy. It will also assist and support the work to stimulate innovation and provide targeted business support.

The Local Growth Fund and European Structural and Investment Funds will provide significant resources to enable transformational change to be achieved. Success will be measured in terms of wealth generated, jobs and lower joblessness.

Certain practical steps are proposed to establish the Portfolio with the right support and begin the work urgently.

RECOMMENDATIONS

The Leadership Board is recommended to agree the initial scope of the Economic Development and Regeneration Portfolio, note the opportunities provided by the new Combined Authority and consider the economic development and regeneration issues that arise.

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1 Executive Summary

- 1.1 The Leadership Board is recommended to agree the initial scope of the Economic Development and Regeneration Portfolio, note the opportunities provided by the new Combined Authority and consider the economic development and regeneration issues that arise.

2 Background Information

- 2.1 The North East Combined Authority aims to create the best possible conditions for growth in jobs, investment and living standards, making the North East an excellent location for business and enabling residents to access opportunity, participate in and benefit from the opportunities from economic growth.

- 2.2 Achieving economic growth remains a priority for all, but there remain a number of persistent challenges. These include:

- Addressing the gross shortage of private sector jobs to provide a more balanced and sustainable economy.
- Improving the quality and remuneration of jobs on offer.
- Addressing critical gaps in the area's skills base and raising productivity.
- Tackling weaknesses in the property market as it relates to commercial and industrial development to promote sustainable economic growth through more private sector investment.
- Strengthening the urban cores so that they are able to play a greater part in innovation, productivity and growth for the whole region.

- 2.3 Building on the successful track record of joint working, the North East Combined Authority and working with the NELEP, will reinforce existing partnership arrangements across the public and private sectors to drive forward change and deliver economic growth. It will provide the strategic leadership to maximise economic opportunities, particularly in the key growth sectors:

- Business services, predicted to grow strongly in the UK over the next ten years
- New economy – the area has a very strong cultural and creative base and technology, media and telecoms companies are well represented.
- The resurgence of some parts of the manufacturing base including automotive and a growing number of companies returning production to

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the UK; increasing exports for in sub-sectors that include marine engineering, oil and gas.

- Low carbon, including renewable technologies, has the potential to deliver significant new investment and jobs.
- Tourism: the coast and rural areas underpin a strong local tourism offer, with a number of heritage assets of national and international significance. These opportunities are complemented by a growing city tourism market and increasing business tourism.
- Logistics: the move to internet shopping and increasing international trade are changing the nature of distribution and logistics

3 Proposals

3.1 With the publication of “More and Better Jobs – a strategic economic plan for the north east”, the NELEP has established an approach to the area’s economy. This plan sets out an agenda to create 100,000 new jobs in the next decade, equivalent to an 11% increase in employment. This growth will be supported by activities that boost productivity, accelerate business growth, promote trade and encourage enterprise.

3.2 Additionally, the SEP sets a target of at least 60% of the employment growth to be in higher paid and higher skilled jobs, increasing average productivity in the economy and providing employment for an increasingly better qualified young workforce.

3.3 This vision will be only be achieved by active co-operation and collaboration across all partners to ensure that opportunities for integration and improved outcomes are maximised

3.4 In developing the Economic Development and Regeneration portfolio, its remit will be to provide strategic guidance and direction for the economic development and regeneration functions of the Combined Authority, progress and setting related policies and funding allocation frameworks in respect of:

- *Economic Assets and Infrastructure* - improving the economic infrastructure is clearly a shared priority for North East partners. Critically, infrastructure sits right at the heart of many of the long term challenges and therefore, longer term, investment in a portfolio of development sites and locations, both existing and new, will ensure the area can compete effectively for investment and enable the growth of its existing business base. Short term priorities around boosting business,

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safeguarding energy supplies and residential development in the right places, will create jobs and improve supply chains.

- *Inward Investment* – inward investment is a key opportunity for the North East. 42,000 jobs were created through foreign direct investment (FDI) between 2005 and 2012. Maintaining good levels of FDI is key to future growth. The Combined Authority has already taken steps to co-ordinate inward investment activity across local authority areas and this co-ordination needs to be extended across an inward investment, trade and business tourism proposition, actively engaging with relevant stakeholders to improve the profile of the area in the global economy.
- *Digital Connectivity* - in the UK, highly productive digital businesses are growing in number and in recent years, the region has seen more new technology company start-ups than any area of the UK outside London. The North East of England has emerged as one of the leading centres for digital games development and start-ups, with a dynamic cluster of firms and university courses acting as a magnet for entrepreneurs and students. The focus must remain on supporting the development of digital skills and facilitating take-up by both businesses and individuals, and delivering hard infrastructure where this is still required. Delivery of superfast broadband and the wider digital infrastructure will be essential to boost growth and remain competitive in an evolving and increasingly technology driven economy, to support business needs and improve digital inclusion. The Combined Authority can make a significant contribution to progressing Digital Connectivity and co-ordinating and in some cases, driving sector improvements.
- *Business Support and Access to Finance* - whilst the North-East can boast many positive assets to support business development and growth, the area continues to have a significant deficit of private sector employment compared to most other parts of the UK. This is a consequence of a multitude of social and economic challenges. Addressing this combination of issues requires the delivery and promotion of a pro-active, streamlined and coordinated support to businesses that:
 - Supports existing business to grow
 - Inspires entrepreneurs to start and build new business ventures
 - Breaks down the barriers to business investment and finance
 - Promotes the North East as a place to invest, trade and visit.
- *Innovation* - for individual businesses, successful innovation is a key source of competitive advantage with new products and processes driving opportunities for new products or efficient delivery. For areas such

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as the North East, dynamic innovation systems and cultures can be the source of both economic and social development. In absolute terms today, the North East's performance in turning ideas into economic value through research and development (R&D) is not competitive. The Combined Authority can play a substantial role in this work stream by supporting the private-sector led Innovation Board, and enabling local authority resources, and synchronising economic development assets to co-ordinate across sectors and innovation nodes.

- 3.5 The Combined Authority's ambition is to work with partners to create the conditions for growth in jobs and investment, to make the North East an excellent location for business, by prioritising and delivering high quality infrastructure, and to enable all residents to benefit from economic growth long into the future. As each of the members of the Combined Authority have a detailed understanding of their local areas, their opportunities and their challenges, the Combined Authority is uniquely placed to shape the strategic direction and support delivery of projects and initiatives that will help to create growth and prosperity

4 Next Steps

- 4.1 The next immediate steps – by September/October 2014 - in delivering this agenda are to:
- Assist in completing negotiations with Government regarding the allocation of Local Growth Fund (LGF) for 2015/16, with a particular focus on investment in economic assets.
 - Confirm the business process for developing LGF 2015/16 priority investments to ensure that projects are approved and ready to commence in April 2015.
 - Begin the process of preparing proposal for LGF submission for 2016/17.
 - Contribute to the development of the ESI Funds Implementation Plan and the establishment of governance structures and business processes – including the local ESI Fund committee.
 - Align ESIF with the implementation of SEP priorities to maximise ESIF resources in a practical way, specifically in relation to the development of thematic implementation plans, including:
 - Identifying appropriate mechanisms for securing ESIF (open call, restricted call, commissioning) and efficiently allocating resources
 - Clarifying timescales and the drafting of call documentation (scope,

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scale & criteria).

- Establish a governance framework to support the portfolio holder that facilitates appropriate democratic accountability, supports collaboration on shared strategic priorities and supports appropriate pathways for implementation, consistent with the ambitions of More and Better Jobs – a strategic economic plan for the north east.
- Agree the staffing resource for the Combined Authority and LEP to facilitate and coordinate the activity and decision-making processes associated with the agreed Delivery Programmes for economic development and regeneration.

5 Potential Impact on Objectives

- 5.1 The SEP aims to have over 1 million people in employment in the local economy by 2024. This represents an increase of circa 100,000 jobs from current employment levels, and delivers an employment rate of around 73%, closing the current gap with England excluding London.
- 5.2 Establishing the right priorities, systems and procedures will support the delivery of the SEP to produce balanced growth, and its commitment, as a minimum, to halve the gap between the North East and the national average (excluding London) on three quantifiable measures:
1. Gross value added (GVA) per full time equivalent (FTE), with wages and profits rewarding workers and investors and sustaining high levels of employment.
 2. Private sector employment density, with more companies and jobs driving a high growth economy.
 3. Activity rate, with no one left behind, and those distant from or disadvantaged in the labour market helped to take advantage of the opportunities created by a successful growing economy.
- 5.3 It also aims to fully close the gap on one quantifiable measure:
4. Employment rate, with the scale and quality of employment matching an increasingly better qualified and higher skilled workforce.

6. Finance and Other Resources

- 6.1 There are no financial consequences of the recommendations in this report.

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7 Legal

7.1 There are no legal consequences of the recommendations in this report.

8 Other Considerations

8.1 Consultation/Community Engagement

There are no consultation or community engagement issues arising from the recommendations of this report

8.2 Human Rights

There are no human rights issues arising from the recommendations of this report

8.3 Equalities and Diversity

There are no equalities and diversity issues arising from the recommendations of this report

8.4 Risk Management

In order to address the challenges and opportunities set out in this report, progress in the establishment of governance structures is essential if the schedule is to be achieved, and the appropriate external funding plans be agreed and submitted as required. Failure to adhere to this timetable could jeopardise or delay the implementation of the project proposals.

8.5 Crime and Disorder

There are no crime and disorder issues arising from the recommendations of this report

8.6 Environment and Sustainability

There are no environmental or sustainability issues arising from the recommendations of this report

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9 Background Documents

- 9.1 More and Better Jobs – A Strategic Economic Plan for the North East, NELEP, March 2014

10 Links to Plans in the Policy Framework

- 10.1 More and Better Jobs – A Strategic Economic Plan for the North East, NELEP, March 2014

11 Appendices

- 11.1 N/A

12 Contact Officers

-
- 21.1 Vince Taylor, Head of Strategy and Performance, Sunderland City Council,
Tel. 0191 561 1113
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13 Sign off

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

North East Combined Authority

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DATE: 15 July 2014

SUBJECT: Employability, Inclusion and Skills Update

REPORT OF: Portfolio holder for Employability, Inclusion and Skills

EXECUTIVE SUMMARY

The Combined Authority provides an opportunity for the North East to radically maximise the scale and productivity of the area's workforce and thereby improve the economic prospects of local people. The challenge is twofold – get more people into work and equip more people with better qualifications and higher skills.

There are two particular opportunities to realise this vision. The first is to seek the devolution of agreed Department for Work and Pensions (DWP) contracts from 2016 founded on a new locally-led and commissioned framework for deliverability of employability and welfare to work support. The second is to invest the considerable European Social Fund (ESF) resources – in excess of £200million – allocated to the Local Enterprise Partnership for employability, inclusion and skills activity between 2014 and 2020 as effectively as possible.

There is also a particular need to focus on young people, and ensure that a number of ongoing and emerging initiatives to address youth unemployment are effectively coordinated and integrated.

This paper outlines the scope of this activity.

RECOMMENDATIONS

The Leadership Board is recommended to note the opportunities provided by the new Combined Authority and consider the employability, inclusion and skills issues that arise.

1. Background Information

- 1.1 The Combined Authority provides a mechanism for the North East to ensure an integrated approach is taken across the whole labour market – from basic skills to high level skills; from the jobless to those in work; and from young people through to older people.
- 1.2 An inclusive and skilled workforce is central to private sector-led growth. The North East's workforce has a strong reputation for responding to the opportunities presented by a growing and changing economy. Nonetheless, the area faces a number of challenges in establishing a better functioning labour market which maximises the contribution of the workforce

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1.3 These include:

- Worklessness – pockets of deprivation and multigenerational worklessness exist across the North East, in both urban and rural locations.
- Access – a wide range of barriers to employment exist for individuals and communities, including issues around connecting those in need of work with areas of employment growth (especially via public transport) and addressing underlying challenges of improving health and skills.
- Structural economic and demographic issues – there are too few private sector jobs, higher than average unemployment levels, an ageing skilled workforce in some key areas of economic activity, and gender imbalances within some sectors.
- Skill gaps – only half of the area’s working age population has Level 3 or above qualifications, the relatively low uptake (particularly among females) of science, technology, engineering, and maths (STEM) subjects continues to be of concern, and there is a deficit of high level skills compared with other areas.
- System improvement – there is an opportunity to better tailor employability and welfare to work support to the distinctive needs of the North, to bring greater cohesion and coordination to careers education and information, advice and guidance (IAG), and to improve employer understanding and take-up of available skills funding systems.

1.4 Given this, two parallel and wholly complementary “people-based” priorities need to be taken forward in tandem as part of the wider strategy to stimulate economic growth:

- Increasing social mobility and entrepreneurship moving towards employment and self-employment, realised by investing in and developing active and enterprising communities, building the confidence and resilience of local people, and removing barriers to jobs
- Shifting the labour market towards higher skill levels and greater demand for higher skills, with an emphasis on economic demand and creating a landscape where companies (and individuals) realise the benefits of training and see the returns on their investment

1.5 The Combined Authority will provide the strategic leadership and accountability for employability and welfare to work support. It will also play a central role, in conjunction with the Local Enterprise Partnership (LEP), in strengthening the skills system, particularly in equipping young people to access quality and sustainable jobs within the North East.

2 The vision of an inclusive and skilled workforce

2.1 *More and Better Jobs* – The Strategic Economic Plan (SEP) for the North East – sets out the vision for establishing an inclusive and skilled workforce.

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	Employability and Inclusion	Skills
<i>Overarching theme</i>	Ensuring that no one is left behind and everyone fully shares in the benefits of a growing economy, by providing targeted and tailored support to neighbourhoods and groups facing major challenges in accessing training and employment opportunities	Providing a demand led system which reflects the need of employers, including for high level skills in support of better jobs, and provides access to high quality training facilities for both general and specialist training
<i>Strategic objectives</i>	<ul style="list-style-type: none"> • Increase the economic participation rate in the North East, assisting people to take up education, training and employment opportunities to increase life chances and economic well being • Provide support to those most distant from the labour market, where necessary assisting people to overcome disadvantage and poverty • Tailoring support to meet the specific needs and circumstances of individuals through targeted intensive support and mentoring 	<ul style="list-style-type: none"> • Address the current and future skills needs, strategically investing resources and expertise to provide a reformed skills approach which meets the needs of employers and learners and complements or stimulates private and individual investment • Ensure young people are equipped and qualified to access the opportunities which will be available in a successful modern economy through a Schools Challenge • Ensure high quality training facilities which help engage employers and learners and are available to support a higher skilled workforce

2.2 The delivery of this vision is underpinned by a number of complementary Delivery Programmes. These are outlined in the subsequent sections.

3 North East Labour Market Agreement (LMA)

3.1 With respect to employability and inclusion, the North East faces a number of unique challenges. These include:

- There is a relatively static and ageing population and need to ensure that

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the skills of young people are retained, people in later life are mobilised, and more people are attracted to the area, particularly with the skills needed to support the economy

- There is a higher rate of disconnection from the labour market than any other part of the mainland UK due to ill health. There needs to be enhanced collaboration between health, social care services, and employment support if we are to link more people to the labour market
- There are a number of communities exhibiting high levels of deprivation, including poverty and child poverty, which require integrated solutions to help the people who live there to improve their life chances.
- Whilst this combination of factors represents a significant challenge, it also presents significant opportunities for innovation in models of preventative and rehabilitative health and care services – and the North East has significant innovation assets in this field.

3.2 This presents a strong case for developing a local approach to employability and welfare to work support, which will deliver better and more efficient outcomes than the current arrangements.

3.3 To this end, the Combined Authority is charged with developing a LMA as a platform for negotiating with Government to find new ways of working in the following areas:

- developing a framework for the local management and delivery of services which responds to the distinctive needs of the area; including a new locally-led and commissioned framework for delivery of employability and welfare to work support
- building on the existing delivery of public sector reform and strong partnership arrangements to explore the devolution of agreed DWP contracts from 2016 which secure flexibilities in performance measures that better meet local needs whilst improving data sharing and the tracking of progression across programmes

3.4 As part of taking this work forward, three key local solutions are also being explored:

- To provide real-time understanding of the totality, distribution and impact of funding for employability and welfare to work support
- To increase the understanding and tracking of individuals' progression across programmes to ensure tailored approaches and improved outcomes
- To develop mechanisms that effectively collate, analyse and disseminate effective and robust labour market intelligence

These in turn will allow gaps in service delivery to be identified and subsequently, more coordinated or new commissioning arrangements to be put in place.

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- 3.5 Within this context, it's also important to recognise the corresponding approach being taken forward by the Local Enterprise Partnership (LEP) through the North East Skills Pilot.

North East Skills Pilot

In 2013, Government selected the North East Local Enterprise Partnership as one of three Local Enterprise Partnerships to implement a skills funding model which positively incentivises colleges and training providers in receipt of the Adult Skills Budget to align their provision to local skills priorities. This is referred to as the North East Skills Pilot.

Through the pilot's financial incentives, the colleges and training organisations will be formally recognised for the added value which they generate. It will also enable the LEP to identify any colleges and training organisations which need to do more to align their training offer to the current and future skills needs of employers in the area.

The measures in the pilot will focus provision on delivering outcomes more closely linked to the economic needs of the area. In particular, it will look at training provision that supports unemployed people back into work, increasing the number of people in the area who have STEM skills and qualifications and encouraging people to gain skills at a higher level.

The pilot will operate in a robust, transparent, fair and consistent manner that quantifies the contribution which colleges and training providers make to achieving more and better jobs. The pilot will also generate intelligence which will support the identification of skills needs and opportunities which may be addressed locally by the LEP through Local Growth Fund skills capital or deployment of European funding.

- 3.6 These two processes need to be fully aligned so that they mutually reinforce the ask from Government and, given the level of interdependence, ensure effective integration across the employability, inclusion and skills spectrum.

4 Commissioning Framework for European Social Fund 2014-2020

- 4.1 The European Social Fund (ESF) element of the European Strategy provides a mechanism for delivering a substantial programme of employability, inclusion and skills interventions between 2014 and 2020.
- 4.2 The Combined Authority is leading on the development of those supporting specifications relating to employability, inclusion and skills within this ESF Commissioning Framework. These are detailed at Appendix 1.
- 4.3 It should also be noted that the ESF investment will include a commitment to Community Led Local Development (CLLD) which will primarily focus on targeting deprived communities across the North East, enabling them to develop new ways of tackling ingrained problems. Provision will not clash with mainstream provision, but complement it, as a contribution to a wider

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aligned European Strategy encompassing employment, inclusion and skills.

5 Young People

5.1 The SEP identifies young people as a strategic priority, with a need to ensure that they are equipped and qualified to access the opportunities which will be available in a successful modern economy.

5.2 To this end, there are a number of ongoing and emerging initiatives specifically targeted at improving youth employment:

- *North East Youth Contract* – Based on the premise that all young people in the North East should believe they can get a job, have the capacity to do so, and know where they can get the support to achieve this, five of the local authorities within the Combined Authority successfully secured £4.5 million from the Government's Youth Contract programme. This resource is being used to launch a high-profile campaign to encourage employers to provide a chance for young people to succeed; provide employers with dedicated advisers to help simplify the process of recruiting young people; developing a new and shared "Young People's Commitment" that will provide a clear offer of support to all young people who are unemployed or NEET for 3 months, in return for their commitment to fully engage with the scheme; and strengthening the network of Employment Advisers and Peer Mentors for those young people with the greatest needs.
- *Durham Youth Employment Initiative* – In recognition of the particularly high level of youth unemployment in County Durham, a further allocation of £7.7m has been made through the Cohesion Fund's Youth Employment Initiative (applicable to County Durham only). This intensive programme of work focuses on raising achievement and aspirations among vulnerable young people; introducing peer mentoring and youth coaching programmes; increasing employer demand and supporting progress and transition into sustained post-16 learning and work; for 16-24 year olds who are identified as being furthest from the labour market or mainstream education.
- *Youth Apprenticeships* – Apprenticeships are fundamental to the sustainability of many local businesses and it is therefore crucial that the system works effectively for individuals, employers and providers. Building on the platform of activity already being taken forward within the North East, the aim is double the number of youth apprenticeships by 2018.
- *Careers Education* – Ensuring that everyone has access to high quality and appropriate information, advice and guidance (IAG) on career options is fundamental to achieving aspirations and business growth. To this end, a locally designed and delivered IAG system for young people and the working age population will be developed. It will increase

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participation in vocational learning and progression and will utilise effective economic intelligence and measurement of progress linked to the National Careers Service model. This will be complemented with an ongoing commitment to build on existing school-business relationships to ensure all young people are exposed to business and enterprise opportunities.

- *North East Schools Challenge* – There is a shared commitment in the North East to drive up the quality of education and fundamentally raise education attainment levels. The Schools Challenge will generate a driving momentum to address underperformance, raise standards and close attainment gaps by building capacity in a sustainable, self-improving schools-led system resulting in many more good and great schools. It will also seek to influence the non-schools factors impacting on educational outcomes in the region and work with stakeholders to develop coherent approaches to the provision of early year's education, work-related learning opportunities, progression to Higher Education, apprenticeships and employment and information, advice and guidance. This approach is not about setting up evermore new initiatives or distributing large amounts of funding into schools. Instead, through a carefully structured process, it will develop capacity; build on what already exists; engage established organisations and identify gaps. Such a programme will complement, add value to and draw upon existing programmes within individual local authority areas whilst brokering innovative partnerships across the region as a whole.

6 Potential Impact on Objectives

6.1 The vision for employability, inclusion and skills in the North East is underpinned by two ambitious targets to be achieved by 2024:

- Employment rate - to fully close the gap between the North East and the national average (excluding London), with the scale and quality of employment matching an increasingly better qualified and higher skilled workforce
- Activity rate – to halve the gap between the North East and the national average (excluding London), with no one left behind, and those distant from or disadvantaged in the labour market helped to take advantage of the opportunities created by a successful growing economy

6.2 The scale of activity will include:

- Securing over 1500 apprentices per annum
- Supporting around 5000 individuals into training per annum, with half of these currently being economically inactive
- Moving more than 35% of schools into the top performance quartile
- Reducing the claimant count by a further 1% per annum, moving individuals into education, skills, training and employment/self-employment

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7 Next Steps

- 7.1 The next immediate steps – by September/October 2014 - in delivering this agenda are to:
- develop a project proposal and the associated enabling projects for the LMA, including the scope and process for negotiations with Government;
 - draft the supporting specifications for the ESF Commissioning Framework, including the arrangements for delivery (opt-ins, etc);
 - establish a governance framework to support the portfolio holder that facilitates appropriate democratic accountability and proportionate stakeholder engagement consistent with the LEP;
 - refresh the existing officer-based LA7 Employment and Skills Group and affirm its remit as relating to the development and implementation of agreed Delivery Programmes relating to employability, inclusion and skills; and
 - quantify the staff resource required within the centralised support team for the Combined Authority and LEP to facilitate and coordinate the activity and decision-making processes associated with delivering the agreed Delivery Programmes for employability, inclusion and skills

8. Finance and Other Resources

There are no specific financial implications arising from these recommendations.

9 Legal

There are no specific legal implications arising from this report.

10 Other Considerations

10.1 Consultation/Community Engagement

Not applicable

10.2 Human Rights

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

10.3 Equalities and Diversity

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

10.4 Risk Management

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

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10.5 Crime and Disorder

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

10.6 Environment and Sustainability

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

11 Background Documents

- 11.1 *More and Better Jobs* – A Strategic Economic Plan for the North East, March 2014; together with the associated Implementation Plans for Skills, and Employability and Inclusion

12 Links to Plans in the Policy Framework

None

13 Appendices

- 13.1 Appendix 1: Employability, Inclusion and Skills Element of the ESF Commissioning Framework

14 Contact Officers

- 14.1 Geoff Paul, Planning, Economy and Housing Director, Northumberland County Council, geoff.paul@northumberland.gov.uk

Janice Rose, Planning and Research Manager, Northumberland County Council, janice.rose@northumberland.gov.uk

15 Sign off

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

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Appendix 1: Employability, Inclusion and Skills Element of the ESF Commissioning Framework

ESF Objective		Proposed distribution	
		Northumberland Tyne & Wear	Durham
<i>Employability and inclusion</i>			
4.1	Provide additional and more intensive support to help people to develop the skills needed to move towards work, enter work (including self-employment), and to progress in work	£22.4m	£2.9m
4.2	Help older workers, workless people and those facing redundancy to upgrade their skills, learn new skills or retrain to enter, re-enter or stay engaged with the labour market and adapt to new market conditions including through targeted apprenticeships linked to economic opportunities	£12.0m	£2.4m
4.3	Support activities to reduce the number of young people not in employment, education or training and those at risk of disengaging and embed opportunities to raise ambition	£6.6m	£7.7m
4.4	Support activities to tackle the multiple barriers faced in a holistic and integrated way to avoid problems becoming entrenched through specific targeted interventions	£14.2m	£4.0m
4.5	Targeted activities to support bottom-up social inclusion through community focused actions in particular geographic locations with high levels of deprivation, poverty and exclusion	£6.6m	£1.7m
4.6	Targeted activities for those with protected characteristics and from specific communities who face multiple barriers and facing high levels of exclusion from opportunities and/or poverty	£12.0	£6.0m
<i>Skills</i>			
5.1	Support for intermediate, technical and higher level skills and studentships especially linked to Areas of Economic Advantage	£31.5m	£8.2m
5.2	Support collaborative projects, placements, internships or other activities that enable students and graduates to gain industry-relevant experience and skills	£13.5m	£3.5m
5.3	Support for activities to start and grow a business from promoting entrepreneurship (including social enterprises), self-employment to providing leadership and management training/advice within SMEs to develop internal capabilities and growth potential	£22.5m	£5.9m
5.4	Develop better links between business and educators, further education (FE) providers and other education partners to equip students with the skills to start and grow a business to meet identified need	£22.5m	£5.9m
		£163.8m	£48.2m

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DATE: 15th July 2014

SUBJECT: Rail Capabilities Document

REPORT OF: Cllr Simon Henig – Chair, North East Combined Authority
Ian Thompson - Economic Directors Group, North East Combined Authority
Andrew Lewis - Economic Directors Group, North East Combined Authority

EXECUTIVE SUMMARY

This paper outlines the potential impact of the planned extension of the High Speed Rail network and the opportunities it will bring for our educational establishments and regional supply chain. It describes government's aspiration to establish a High Speed Rail College, and the Combined Authority and the Local Enterprise Partnership's potential to collaborate with the High Speed Rail College when it is announced, and to contribute to the construction of the High Speed Rail Network as a whole.

RECOMMENDATIONS

The North East Leadership Board are recommended to:

- Note the opportunity for collaboration with the planned High Speed Rail College;
- Endorse the attached 'Rail Capabilities' document as the North East Combined Authority's collaborative offer to both the future High Speed Rail College and to government

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1 Executive Summary

This paper outlines the potential impact of the planned extension of the High Speed Rail network and the opportunities it will bring for our educational establishments and regional supply chain. It describes government's

- 1.1 aspiration to establish a High Speed Rail College, and the Combined Authority and the Local Enterprise Partnership's potential to collaborate with the High Speed Rail College when it is announced and to contribute to the construction of the High Speed Rail Network as a whole.

2 Background information

- 2.1 HS2 is predicted to create 22,000 jobs (directly and in the supply chain) less than 5 years from now. 50,000 concurrent jobs across a number of years are predicted in the late 2020s. The jobs associated with the construction and operation of the HS2 project draw heavily on the Science, Technology, Engineering and Manufacturing (STEM) sectors, and often pay significantly higher than average wages. A key aspiration of the North East Strategic Economic Plan (SEP) is for 'more and better jobs'.

- 2.2 An independent report to the government by the HS2 Growth Taskforce '*High Speed 2: get ready*' recommended that the government grow the railway engineering and advanced construction skills base as a national priority, and that a High Speed Rail College be established to assist in this aspiration.

- 2.3 In response to this challenge, government announced the formation of a national High Speed Rail College, and has shortlisted four potential locations. Manchester, Birmingham, Doncaster and Derby. Government are expected to make a decision on the location of the college imminently BIS' Minister for Skills Mathew Hancock will make a final decision on the location, and this is likely to be before the parliamentary recess.

The guidance document under-pinning the application process for the HS2 college outlines that the College is expected to work on a 'hub and spoke' model across the UK with links to a range of skills providers forming a network for railway and engineering expertise across the UK.

3 Proposals

- 3.1 The attached document has been developed in collaboration with officers from the North East LEP, and has been contributed to by our Universities and Colleges. It summarises the strengths of the Combined Authority and LEP in terms of governance. It showcases our research and Innovation capabilities, describes our skills and training offer and outlines the strengths

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of our rail related manufacturing and supply chain.

4 Next steps

4.1 The Combined Authority and the North East LEP are expecting feedback from government on the area's Strategic Economic Plan (SEP) proposal in early July. The SEP contains a number of proposals for innovation and skills that may result in further content being available for the rail capabilities document. Following the announcement, the document will be reviewed and amended accordingly.

4.2 It is then proposed that the document is used to engage with those areas seeking to host the high speed rail college, and to make Ministers from the Department for Transport and the Department for Business Innovation and Skills aware of the HS2 relevant capabilities in the North East Combined Authority.

5 Potential impact on objectives

5.1 The rail capabilities document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

6. Finance and other resources

6.1 There are no direct financial implications arising from this report.

7 Legal

7.1 There are no direct legal implications arising from this report.

8 Other considerations

8.1 Consultation/community engagement

The rail capabilities document has been prepared in consultation with Colleges and Universities in the area.

8.2 Human rights

There are no human rights implications arising from this document.

8.3 Equalities and diversity

There are no equalities and diversity implications arising from this document.

8.4 Risk management

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North East Leadership Board (NELB)

There are no risk management implications arising from this document.

8.5 **Crime and disorder**

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

8.6 **Environment and sustainability**

There are no environment and sustainability implications arising from this document.

9 **Background documents**

9.1 N/A

10 **Links to plans and policy framework**

10.1 This report contributes to achieving the objectives of the North East Strategic Economic Plan.

11 **Appendices**

11.1 'Rail Capabilities – Our contribution to the future of Britain's railways'.

12 **Contact Officers**

12.1 Mark Wilson, Combined Authority Transport Advisor
mark.wilson@newcastle.gov.uk

13 **Sign off**

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

North East Combined Authority

Leadership Board

DATE: 15 July 2014

SUBJECT: NECA response to consultation on proposals to amend legislation relating to combined authorities and economic prosperity boards

REPORT OF: Jane Robinson, Head of Paid Service

EXECUTIVE SUMMARY

From 30 April 2014 to 24 June 2014 the Department for Communities and Local Government ran a consultation seeking views on proposals to amend legislation relating to combined authorities and economic prosperity boards. The purpose of this report is to inform the NECA Leadership Board that a response was prepared and submitted on behalf of the North East Combined Authority, and to ask the Leadership Board to note for information the content of the response.

RECOMMENDATIONS

The North East Combined Authority Leadership Board are asked to note that a response to the consultation on proposals to amend legislation relating to combined authorities and economic prosperity boards has been submitted, and to note for information the content of the response as attached at appendix 1.

North East Combined Authority

Leadership Board

1 Background Information

1.1 The Government recently consulted on proposals to amend legislation relating to combined authorities (CAs) and economic prosperity boards (EPBs). As a result of issues that have emerged during the process to establish the four new combined authorities in April 2014, the proposals seek to address situations where the existing legislation is restrictive in relation to the membership of a CA or EPB and the basis on which it delivers services.

1.2 The proposals seek to provide more flexibility on the geographical arrangements attached to a council becoming a CA or EPB member, to simplify the process to change the functions or membership of a CA and to guarantee that recommendations on good practice made to each of the new CAs on their establishment in April 2014 become a legal requirement.

Views were sought on five specific proposals for changing the legislation:

- to enable councils with non-contiguous boundaries to form or join combined authorities or economic prosperity boards;
- to enable a county council to become a member of a combined authority or economic prosperity board with respect to a defined part of its area;
- 1.3 • to enable a combined authority or economic prosperity board to deliver different services in different parts of its area;
- to simplify the administrative processes involved in making changes to an existing combined authority or economic prosperity board; and
- to clarify overview and scrutiny requirements for combined authorities and economic prosperity boards.

1.4 A response to the proposals was prepared on behalf of the North East Combined Authority and was submitted to DCLG on Monday 23 June.

2 Proposals

2.1 The Leadership Board is requested to agree to the recommendations set out above to formally endorse the content of the submitted response.

3 Next Steps

3.1 A further update will be provided to the Leadership Board on the Government response to the consultation when this becomes available.

4 Potential Impact on Objectives

4.1 The outcome of the consultation will have implications for the establishment and operation of all combined authorities in the future and the response

North East Combined Authority

Leadership Board

offers the opportunity to influence Government thinking at an early stage.

5 Finance and Other Resources

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

6 Legal

- 6.1 The proposals in the consultation involve a potential change to the legislation relating to combined authorities and economic prosperity boards as set out in the report. A full review of the legal implications of any changes will be undertaken following publication of the Government response, next steps and timetable for implementation.

7 Other Considerations

7.1 Consultation/Community Engagement

Views provided by the Leaders and Elected Mayor as well as the Chief Executives, Monitoring Officers and Economic Directors Groups informed the development of the consultation response.

7.2 Human Rights

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

7.3 Equalities and Diversity

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

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.

North East Combined Authority

Leadership Board

8 Background Documents

- 8.1 Proposal to amend legislation relating to combined authorities and economic prosperity boards, Department for Communities and Local Government, April 2014

9 Links to Plans in the Policy Framework

- 9.1 This report has no direct links to plans in the Policy Framework

10 Appendices

- 10.1 Appendix 1 - Proposal to amend legislation relating to combined authorities and economic prosperity boards – NECA response and covering letter

11 Contact Officers

- 11.1 Vivienne Geary, Monitoring Officer, North Tyneside Council.
viv.geary@northtyneside.gov.uk Tel: 0191 643 5339
Caroline Winter, Policy Manager, 7 North East Local Authorities
carolinewinter@newcastle.gov.uk Tel: 0191 211 5058

12 Sign off

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

Mariam Razak
Department for Communities and Local Government
Zone 3/J1 Eland House
Bressenden Place
London, SW1E 5DU
23rd June 2014

Dear Mariam

Response to consultation on proposal to amend legislation relating to combined authorities and economic prosperity boards

As Chair of the North East Combined Authority I am pleased to submit our response to your consultation on proposals to amend legislation relating to combined authorities and economic prosperity boards – the full response is attached at appendix 1.

We welcome the opportunity to respond and overall we support the proposals, with the exception of the proposal to require under the legislation that every combined authority and economic prosperity board operates in accordance with the recommendations on good practice as regards overview and scrutiny committees, which NECA does not consider to be necessary. The local arrangements we have put in place address the issues raised appropriately and these should remain a matter for local determination.

In recognition of the strength of these new statutory arrangements, and in line with Government's stated localist approach, we would also like to take the opportunity to encourage further and greater devolution of powers and flexibilities from central government to combined authorities to allow them to develop and deliver the services that best meet the needs of their individual areas.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Henig', written in a cursive style.

Councillor Simon Henig

Chair, North East Combined Authority



North East Combined Authority response to consultation on proposal to amend legislation relating to combined authorities and economic prosperity boards

Question 1: Do you agree with the proposal to enable councils with non-contiguous boundaries to form or join a combined authority or economic prosperity board?

a) What benefits, if any, do you see from making the change?

b) What risks, if any, do you see from the change and how can these be mitigated?

The proposed changes to the legislation in relation to the requirement to have contiguous boundaries between the Local Authorities that are members of a Combined Authority or an Economic Prosperity Board are broadly supported by the North East Combined Authority (NECA).

However, as the consultation document identifies, there will be a need for appropriate safeguards in place to mitigate the impact on those Authority areas that are, for whatever reason, not part of the CA or EPB. In particular, there is a need to ensure that disadvantaged areas are able to participate in and benefit from the Combined Authority model and not 'left behind' at the expense of more 'aspirational' areas.

It would seem appropriate for those Authorities that have their transport functions undertaken by an ITA to be required to all become part of a proposed CA otherwise the integrated transport functions would cease to be integrated if one Authority became responsible for the transport functions previously undertaken by the ITA.

Question 2: Do you agree with the proposal to enable a county council to become a member of a combined authority or economic prosperity board with respect to a defined part of its area?

a) What benefits, if any, do you see from making the change?

b) What risks, if any, do you see from the change and how can these be mitigated?

The NECA agrees with this proposal provided that there are sufficient safeguards in place to ensure that the areas of a County that are not part of the CA or EPB do not suffer a negative impact by not being a part of the CA or EPB.

Question 3: Do you agree with the proposal to enable a combined authority or economic prosperity board to deliver services on a patchwork basis?

a) What benefits, if any, do you see from making the change?

b) What risks, if any, do you see from the change and how can these be mitigated?

The NECA agrees with this proposal provided that the safeguards referred to above are in place and the resource implications of delivering services in this way are taken into account. Any division of functions between the Combined Authority/Economic Prosperity Board and the District Councils will necessarily result in complex governance arrangements and there may be the potential for a conflict of interests between the Combined Authority and the areas not part of the CA/EPB.

Question 4: Do you agree with the proposal to simplify the administrative processes involved in making changes to an existing combined authority or economic prosperity board?

a) What benefits, if any, do you see from making the change?

b) What risks, if any, do you see from the change and how can these be mitigated?

The NECA welcomes a simplified process for changing the functions, boundaries, membership or dissolving an existing CA/EPB. The requirement to undergo a further governance review and the submission of a further scheme to the Secretary of State is costly and time consuming. Any simplification in the process for changing the CA/EPB would significantly reduce the burden that currently exists for CA/EPBs.

Question 5. Do you agree with the proposal to require under the legislation that every combined authority and economic prosperity board operates in accordance with the following good practice:

- **that overview and scrutiny committees are politically balance across the councils involved**
- **that preferably, the Chairman of an overview and scrutiny committee should not be a member of the majority political party represented in the body's decision making forum**
- **that where the overview and scrutiny committees produce recommendations and reports, these are required to be considered and taken into account by the combined authority or economic prosperity board's decision making forum**

The NECA does not consider it necessary to create legislation that requires CA/EPBs Overview and Scrutiny Committees to operate in accordance with the recommended 'good practice'. As the consultation document points out, "current evidence suggests that the existing combined authorities are following this good practice". If this is the current evidence, there is no justification to introduce legislation when the good practice is already being adhered to by the existing CA/EPBs.

Question 6: Do you have any further changes that you would like to see made to combined authority and economic prosperity board legislation, in particular to ensure that current policy as described in this document can be given full effect? If yes, please explain what these are and why you think they are necessary.

Throughout the process of establishing the NECA, the Government has emphasised its localist approach to combined authorities as an important element of the Government's policies for growth. In recognition of the strength of these new statutory arrangements for collaboration, further powers and flexibilities must be devolved to combined authorities to develop and deliver services that are more responsive to local conditions. For example, fuller delegation of funding such as the Local Growth Fund to the combined authority to apply through an active programme management approach that would secure maximum efficiency from resources within a broader programme. A further opportunity would be to lift the restrictions on a combined authority's ability to borrow for non-transport purposes. Extending the borrowing powers in this way would support combined authorities to unlock local resources to support infrastructure and growth.

A number of practical issues arose during the formal process to establish the NECA highlighting the need to address particular issues:

- Transport levy – there is a need for more flexibility within the legislation to enable combined authorities to operate in a way that is tailored to specific

circumstances in different areas. The move from a 5 to a 7-authority footprint brings a number of complexities in the journey towards integration. The funding provisions within the legislation should be sufficiently flexible to support a simplified process to establish a differential levy that meets local requirements.

- Duplication - in requiring the combined authority to have in place arrangements to deal with allegations of misconduct there is a need to ensure that standards issues are considered only once rather than duplicated between the Combined Authority and constituent authorities.

North East Combined Authority

North East Leadership Board (NELB)

DATE: 15 July 2014

SUBJECT: European Structural and Investment Funds: Sustainable Urban Development Plan

REPORT OF: Martin Swales, Chief Executive, South Tyneside Council

EXECUTIVE SUMMARY

The North East Local Enterprise Partnership (NELEP) was invited by Government to prepare an initial Sustainable Urban Development (SUD) Plan for the area, articulating those activities within the mainstream European Structural and Investment Funds (ESIF) Strategy, which tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban- rural linkages. The purpose of this report is to inform the NECA Leadership Board that a response, agreed by the NELEP Board, was submitted, and to ask the Leadership Board to note the benefit of a SUD Plan for the area.

RECOMMENDATIONS

The North East Combined Authority Leadership Board are asked to note the benefits of a Sustainable Urban Development (SUD) Plan and welcome the submission to Government of the area's proposal to prepare a SUD Plan as part of the European Structural & Investment Funds (ESIF) Strategy.

North East Combined Authority

North East Leadership Board (NELB)

1 Executive Summary

- 1.1 The North East Local Enterprise Partnership (NELEP) was invited by Government to prepare an initial Sustainable Urban Development (SUD) Plan for the area, articulating those activities within the mainstream European Structural and Investment Funds (ESIF) Strategy, which tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages. The purpose of this report is to inform the NECA Leadership Board that a response, agreed by the NELEP Board, was submitted, and to ask the Leadership Board to note the benefit of a SUD Plan for the area.

2 Background Information

- 2.1 The Government has invited the eight Local Enterprise Partnerships (LEPs) with a Core City in their area to submit a Sustainable Urban Development (SUD) Plan, as an integral part of their European Structural and Investment Funds (ESIF) strategy.

The European regulations requires 5% of ERDF programme allocation to be spent on Sustainable Urban Development defined as “integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban- rural linkages”. As well as London the European Commission wish to see other cities and urban areas articulating their urban strategies, hence the Government issued a “late” call to the Eight LEP areas.

The key aspects of a SUD are:

- Activities have to be part of the LEP ESIF strategies, and can amount to up to 10% of the ERDF allocation;
- An Urban Authority, with a population in excess of 600,000 will be designated as the Accountable body. We will propose the Combined Authority is designated as the Urban Authority.
- A SUD Sub-Committee of the National Growth Board (national Programme Management Committee) will be set up with representatives of the GLA and other Urban Authorities to oversee the delivery of SUD. In the interim (i.e. before formal ESIF Governance arrangements are established) it is proposed Paul Woolston, NELEP Chair, will be the NE representative on the SUD sub-committee.

North East Combined Authority

North East Leadership Board (NELB)

- SUD Urban Authorities will be invited to participate in the new EU Urban Development Network, and have direct access to the European Commission and potentially some European Transnational Funding programmes.

In discussions with Government we have presented compelling evidence demonstrating the strong and increasing level of functional economic integration across the LA7 area. The definition of SUD allows for linkages between rural and urban areas to be taken into account and the Department for Communities and Local Government (DCLG) has therefore agreed with our proposal that the SUD will cover the 7LA area.

2.2 Benefits:

- The Urban Authority will be responsible for the selection of projects within the SUD strategy. This status confers the Urban Authority a recognised and visible role at both national and European levels in relation to the delivery of ESIF Programmes;
- Being on the SUD sub-committee of the National Growth Board would give the Urban Authority a direct voice to Whitehall on ESIF matters;
- Access to the European Urban Platform network, a dedicated Transnational European fund and to DG Regio on urban matters; and
- Potentially securing the inclusion of climate and sustainable transport activities in the ESIF strategy. These are contentious thematic objectives for the Commission as part of the mainstream England ERDF Programme; however there is no guarantee that the Commission would accept them under a SUD.

It is important to stress that SUD does not provide additional funding, it is part of the ERDF allocation. The main benefits are at strategic level with the SUD being a channel for positioning NECA as an Urban Authority, having an influence at national and European level and allowing NECA members to be eligible for European transnational funds.

A proposed SUD Plan was agreed by the NELEP Board and submitted to Government by the 4th July deadline.

3 Proposals

- 3.1 The North East Combined Authority Leadership Board are asked to note the benefits of a Sustainable Urban Development (SUD) Plan and welcome the submission to Government of the area's proposal to prepare a SUD Plan as part of the European Structural & Investment Funds (ESIF) Strategy.

North East Combined Authority

North East Leadership Board (NELB)

4 Next Steps

- 4.1 Following feedback from Government on the initial SUD proposal officers will develop further a SUD strategy, in support of the wider ESIF Strategy and the Strategic Economic Plan for the north east.
- 4.2 Further up-dates will be brought to the Leadership Board on the development of the SUD and ESIF Strategy.

5 Potential Impact on Objectives

- 5.1 The SUD plan, as an integral element of the ESIF Strategy, supports the delivery of the Strategic Economic Plan.

6. Finance and Other Resources

- 6.1 There are no specific financial implications arising from these recommendations as a SUD package sits within the wider ESIF programme.

7 Legal

- 7.1 There are no specific legal implications arising from this report, however the future role of NECA as the Urban Authority will be further clarified as the process for developing the SUD Plan is progressed.

8 Other Considerations

8.1 Consultation/Community Engagement

As part of the wider ESIF development wide consultation with partners has taken place and informed the strategy to this point. This will continue as the programme continues to be developed and delivered.

8.2 Human Rights

There are no specific human rights implications arising from this report

North East Combined Authority

North East Leadership Board (NELB)

8.3 Equalities and Diversity

There are no specific Equality and Diversity implications arising from this report, however the delivery of the ESIF programme supports the aims of inclusive growth.

8.4 Risk Management

DCLG has clarified that there would not be any financial liability as contractual arrangements would remain between the Managing Authority (DCLG) and grant recipient.

Additional administration and monitoring requirements will be limited as DCLG does not foresee a significant role for the Urban Authority however any additional reporting arrangements will be kept under review.

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, however the aim of the SUD Plan will be to ensure that economic growth is achieved in a sustainable way and will specifically support innovations and projects that reduce impact on our environment.

9 Background Documents

9.1 No background documents associated with this report.

10 Links to Plans in the Policy Framework

10.1 This report has no direct links to plans in the Policy Framework

11 Appendices

11.1 No appendices associated with this report.

North East Combined Authority

North East Leadership Board (NELB)

12 Contact Officers

Rob Hamilton, Principal Economic Advisor, Newcastle City Council

rob.hamilton@newcastle.gov.uk 0191 277 8947

Sarah McMillan, Strategy & Innovation Manager, South Tyneside Council

Sarah.mcmillan@southtyneside.gov.uk 0191 424 7948

13 Sign off

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

North East Combined Authority

North East Leadership Board (NELB)

DATE: 15 July 2014

SUBJECT: Update on the Membership 2014/15

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to provide an update for the North East Leadership Board (the Leadership Board) on the changes to the membership of the committees of the North East Combined Authority and also the joint committees.

RECOMMENDATIONS

It is recommended that the Leadership Board:

- (i) notes and accepts the changes to the membership of the committees of the North East Combined Authority and the joint committees as set out in paragraph 1.1 of this report.
- (ii) appoints Mr Paul Woolston as the North East Local Enterprise Partnership's member on the North East Combined Authority;
- (iii) appoints Ms Gillian Hall as the North East Local Enterprise Partnership's substitute member on the North East Combined Authority; and
- (iv) notes the position in relation to the appointment of Chairs and Vice-Chairs of Transport North East Committee, Transport North East (Tyne and Wear) Sub-Committee and Overview and Scrutiny Committee as set out in paragraph 1.3 of this report.
- (v) delegates authority to the Monitoring Officer to accept on behalf of the Leadership Board in-year changes to the membership of committees, sub-committees and joint committees notified to and acknowledged by the Monitoring Officer in writing.

North East Combined Authority

North East Leadership Board (NELB)

1 Background Information

- 1.1 On 29 April 2014 the Leadership Board considered a report of the Monitoring Officer on the appointment of the membership of committees and appointed those Members nominated by the constituent local authorities to the Transport North East Committee, Transport North East (Tyne and Wear) Sub-Committee, Overview and Scrutiny Committee and Governance Committee. Since then different nominations have been received from the constituent local authorities and these are set out below:

Transport North East Committee (TNEC)

South Tyneside Council: Councillor Allan West to replace Councillor James Foreman

Sunderland City Council: Councillor Michael Mordey to replace Councillor James Blackburn up to 25 June 2014. From 25 June 2014 Councillor Paul Watson to replace Councillor Michael Mordey.

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

South Tyneside Council: Councillor Allan West to replace Councillor James Foreman

Sunderland City Council: Councillor Michael Mordey to replace Councillor James Blackburn up to 25 June 2014. From 25 June 2014 Councillor Paul Watson to replace Councillor Michael Mordey.

Governance Committee

Gateshead Council: Councillor Brian Coates to replace Councillor John Hamilton

Overview and Scrutiny Committee

Northumberland County Council: Councillor Wayne Daley to replace Councillor Peter Jackson

Sunderland City Council: Councillor Dianne Snowdon to replace Councillor Richard David Tate

- 1.2 On 15 April 2014 the Leadership Board confirmed its membership with the exception of the member and substitute member from the North East Local Enterprise Partnership (NELEP), the nominations from which were awaited.

On 29 April 2014 the Leadership Board noted that the formal nomination of the NELEP representatives had yet to be received and agreed that it was appropriate to defer the appointment of these representatives until the formal processes within the NELEP had been completed.

North East Combined Authority

North East Leadership Board (NELB)

The formal nominations have now been received and Mr Paul Woolston has been nominated as the NELEP's member on the North East Combined Authority and Ms Gillian Hall has been nominated as the substitute member of the NELEP.

- 1.3 On 29 April 2014 the Leadership Board considered the appointment of Chairs and Vice-Chairs to committees for the Municipal Year 2014/15 and appointed the Thematic Lead for Transport as Chair of the TNEC (Councillor N Forbes), the Members with portfolio responsibility for Transport from Durham and Northumberland County Councils as Vice-Chairs of the TNEC (Councillors N Foster and I Swithenbank).

The Leadership Board delegated the appointment of a Vice-Chair from the Tyne and Wear Councils to the TNEC. At its first meeting held on 29 May 2014, the TNEC agreed to defer the appointment of a Vice-Chair from the Tyne and Wear Councils for the Municipal Year 2014/15 until its next meeting. This appointment is now expected at the 29 July meeting of the TNEC.

The Leadership Board also delegated the appointment of Chair and Vice-Chair of the TWSC to the TWSC. Whilst a Member has been appointed to chair the first meeting of the TWSC held on 29 May 2014, the Committee deferred the appointment of Chair and Vice Chair of the Committee for the Municipal Year 2014/15 until its future meeting to be held after all constituent local authorities have had their annual meetings. These appointments are now expected at the 29 July meeting of the TWSC.

The Leadership Board also delegated the appointment of Chair and Vice-Chair of the Overview and Scrutiny Committee to the Overview and Scrutiny Committee. Whilst the Committee had met for the first time on 12 June 2014 and appointed a Member to chair that meeting, the Committee deferred the appointment of Chair and Vice Chair for the Municipal Year 2014/15 until its next meeting and asked that this be held in July after the date of the Leadership Board meeting. These appointments are now expected at the 30 July meeting of the Committee.

- 1.4 The Constitution provides that the membership of the Authority's Committees is to be agreed at the Annual Meeting. In addition the Leadership Board has previously confirmed in the Deed of Operation for the NECA that it will accept changes to Committee membership put forward by the Constituent Authorities. The timing of the creation of the NECA shortly in advance of the Local Elections and Constituent Authorities' Annual Council Meetings has resulted in several changes to membership of Committees since the Leadership Board meeting on 29 April. Although in future years the timing of the NECA Annual Meeting will be shortly after the Constituent Authorities' Annual Meetings and as a result such changes will be implemented in a timely way, to minimise any delay to occasional in-year changes it is recommended that the Leadership Board delegate authority to the Monitoring Officer to

North East Combined Authority

North East Leadership Board (NELB)

accept changes to Committee membership notified to the Monitoring Officer in writing, with the change being effective on acknowledgement of receipt of that notification.

2 Proposals

2.1 It is recommended that the Leadership Board:

- (i) notes and accepts the changes to the membership of the committees of the North East Combined Authority and the joint committees as set out in paragraph 1.1 of this report.
- (ii) appoints Mr Paul Woolston as the North East Local Enterprise Partnership's member on the North East Combined Authority;
- (iii) appoints Ms Gillian Hall as the North East Local Enterprise Partnership's substitute member on the North East Combined Authority; and
- (iv) notes the position in relation to the appointment of Chairs and Vice-Chairs of Transport North East Committee, Transport North East (Tyne and Wear) Sub-Committee and Overview and Scrutiny Committee as set out in paragraph 1.3 of this report.
- (v) delegates authority to the Monitoring Officer to accept on behalf of the Leadership Board in-year changes to the membership of committees, sub committees and joint committees notified to and acknowledged by the Monitoring Officer in writing.

3 Next Steps

3.1 The decisions of the Leadership Boards will be published. A further update, including on the position with the appointment of Chairs and Vice-Chairs of committees will be provided to the next ordinary meeting of the Leadership Board.

4 Potential Impact on Objectives

4.1 The appointments to the committees referred to in this report will enable the Combined Authority to properly discharge its functions.

5 Finance and Other Resources

5.1 There are no direct financial or resource implications arising from this report.

North East Combined Authority

North East Leadership Board (NELB)

6 Legal

- 6.1 The proposals set out in this report comply with the requirements under the Local Government Act 1972 and the provisions of the Order that created the Combined Authority and the Constitution, particularly in relation to the membership of the Leadership Board, joint committees, committees and sub-committees of the NECA and the appointment of the NELEP member and substitute member.

7 Other Considerations

7.1 Consultation/Community Engagement

Not applicable.

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.

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

- 8.1 The Order that created the North East Combined Authority;
The minutes of the 15 April 2014 meeting of the North East Leadership Board;
The draft minutes of the 29 April 2014 meeting of the North East Leadership Board;
The draft minutes of the 29 May 2014 meeting of the Transport North East Committee; and

North East Combined Authority

North East Leadership Board (NELB)

The draft minutes of the 29 May 2014 meeting of the Transport North East (Tyne and Wear) Sub-Committee.

9 Links to the Local Transport Plans

9.1 None.

10 Appendices

10.1 None.

11 Contact Officers

11.1 Vivienne Geary Viv.Geary@northtyneside.gov.uk Tel: 0191 643 5466

12 Sign off

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

North East Combined Authority

North East Leadership Board (NELB)

DATE: 15 July 2014

SUBJECT: Appointment of Chief Finance Officer

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The report requests the interim appointment of Paul Woods as the Chief Finance Officer of the NECA.

RECOMMENDATIONS

It is recommended that the Leadership Board appoint Paul Woods as the Chief Finance Officer for the NECA.

1 Background Information

- 1.1 On 15 April 2014 the Leadership Board appointed Sonia Tognarelli as the Chief Finance Officer of the NECA on an interim basis.
- 1.2 In order to fulfil the duties of Chief Finance Officer for the Authority in the longer term, the services of Paul Woods have been procured on a consultancy basis through the North East Employers Organisation. To date the role has been undertaken by the Head of Finance and Resources at Sunderland City Council on the basis of the arrangement being for the short term only
- 1.3 Mr Woods has extensive experience of local government and has been the Section 151 officer for Newcastle City Council and the Integrated transport Authority for over 10 years prior to retirement earlier in 2014. He has over 25 years of experience and knowledge of the finances and operation of the ITA and Nexus, which has now transferred to NECA. Mr Woods will support the on going establishment of the Combined Authority for a further interim period, during which time the requirements for the long term staffing and resource requirements of the Authority will be established.

2 Proposals

- 2.1 It is recommended that the Leadership Board appoint Paul Woods as the Chief Finance Officer of the NECA with immediate effect.

North East Combined Authority

North East Leadership Board (NELB)

3 Next Steps

- 3.1 If the decision of the Leadership Board is to appoint Paul Woods as the Chief Finance Officer of the NECA then his appointment will commence immediately and he will be able to undertake his statutory responsibilities the responsibilities that he has under the NECA's Constitution.

4 Potential Impact on Objectives

- 4.1 The appointment of the Chief Finance officer will enable the Combined Authority to properly discharge its functions.

5 Finance and Other Resources

- 5.1 The appointment is for an average of 2 Days a week. The estimated cost of in 2014/15 is up to £49,000 including travelling expenses and oncosts, including the work undertaken to date can be accommodated within the existing budgets for 2014/2015. Costs will be allocated between the existing budgets for CFO costs, including the Tyne and Wear Transport Budget, the NECA Corporate Budget and the LEP support costs basis on an assessment of time spent on each area of activity. The initial estimate of the charge to the current corporate NECA budget is £14,700 (30%) of the overall cost.

6 Legal

- 6.1 Section 73 of the Local Government Act 1985 requires that each "new authority" shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs. Section 73(2) makes it clear that a reference to a "new authority" includes a reference to a Combined Authority. As a result on establishment on 15 April 2014 the Authority appointed Sonia Tognarelli Chief Finance Officer on an interim basis until such time as a longer term Chief Finance could be identified.

7 Other Considerations

7.1 Consultation/Community Engagement

Not applicable.

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.

North East Combined Authority

North East Leadership Board (NELB)

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

8.1 The Minutes of the Leadership Board meeting held on 15 April 2014

9 Links to the Local Transport Plans

9.1 None.

10 Appendices

10.1 None.

11 Contact Officers

11.1 Vivienne Geary Viv.Geary@northtyneside.gov.uk Tel: 0191 643 5466

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)

DATE: 15 July 2014

SUBJECT: Appointment of Independent Person

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to inform the Leadership Board of the steps taken by the Monitoring Officer to identify an Independent Person for the NECA in accordance with the delegation given to her by the Leadership Board on 29 April 2014.

RECOMMENDATIONS

It is recommended that the Leadership Board appoint Stella Gardner as the Independent Person for the NECA for a period of 12 months commencing from the date of her appointment and that a fee of £1,000 be paid to her for undertaking that role for that period.

North East Combined Authority

North East Leadership Board (NELB)

1 Background Information

- 1.1 On 29 April 2014 the Leadership Board authorised the Monitoring Officer in consultation with the Chair and Vice Chairs of the NECA to undertake an exercise to identify an Independent Person for the NECA and to report to the Leadership Board at a future meeting to recommend the appointment of an Independent Person.
- 1.2 An invitation was made to the Independent Persons appointed by each of the Constituent Authorities to express an interest if they wished to become the Independent Person for the NECA. There were two expressions of interests received.
- 1.3 The Monitoring Officer with the assistance of the Monitoring Officer and Deputy Monitoring Officer from South Tyneside and Gateshead interviewed the two candidates on 26 June 2014.
- 1.4 At the conclusion of the interview process, it was agreed by the Monitoring Officers that Stella Gardner, with her extensive and relevant experience, be recommended to the Chair and Vice Chairs of the NECA as the person to be appointed as the Independent Person for the NECA and, subject to any comment from the Chair or Vice Chairs, for the appointment to be recommended to the Leadership Board on 15 July 2014.
- 1.5 The Chair and Vice Chairs were consulted on the recommendation by the Monitoring Officer on 27 June 2014 and endorsed the proposed appointment.

2 Proposals

- 2.1 It is recommended that the Leadership Board appoint Stella Gardner as the Independent Person for the NECA for a period of 12 months commencing from the date of her formal appointment.

3 Next Steps

- 3.1 If the decision of the Leadership Board is to appoint Stella Gardner as the Independent Person of the NECA then her appointment will commence immediately and she will be able to undertake her responsibilities in line with the NECA's Constitution.

North East Combined Authority

North East Leadership Board (NELB)

4 Potential Impact on Objectives

- 4.1 The appointments to the committees referred to in this report will enable the Combined Authority to properly discharge its functions.

5 Finance and Other Resources

- 5.1 The Independent Person will receive a fee of £1,000 from the NECA on their appointment. This is in line with the payments currently made to Independent Persons in the majority of the Constituent Authorities.

6 Legal

- 6.1 Under the Localism Act 2011 the NECA as a Local Authority is required to have a Code of Conduct and at least one Independent Person. The NECA Code of Conduct is included in the NECA's Constitution. The Code governs the behaviour of the elected members of the NECA. As part of any investigation into a members conduct, the views of the Independent Person will be sought, and taken into account, before a decision is made in relation to an allegation of misconduct.

7 Other Considerations

7.1 Consultation/Community Engagement

Not applicable.

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.

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.

North East Combined Authority

North East Leadership Board (NELB)

8 Background Documents

8.1 The Minutes of the Leadership Board meeting held on 29 April 2014

9 Links to the Local Transport Plans

9.1 None.

10 Appendices

10.1 None.

11 Contact Officers

11.1 Vivienne Geary Viv.Geary@northtyneside.gov.uk Tel: 0191 643 5466

12 Sign off

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

North East Combined Authority

North East Leadership Board (NELB)

DATE: 15 July 2014

SUBJECT: The North East Local Enterprise Partnership (NE LEP)-
Accountable Body

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to describe the arrangements in place to support the North East Local Enterprise Partnership (NELEP). Sunderland City Council acts as the Host Authority for the NELEP and the NECA as the Accountable Body.

RECOMMENDATIONS

It is recommended that the Leadership Board:

- (i) Note the arrangements in place to provide support to the North East Local Enterprise Partnership as set out in the report, and to
- (ii) Agree in principle the NE LEP Host Authority and Accountable Body Agreement and delegate authority to the Monitoring Officer in consultation with the Chair of the Leadership Board, the Head of Paid Service and the Chief Finance Officer to finalise and enter into the Agreement on behalf of the NECA.

1. Background Information

- 1.1 The North East Local Enterprise Partnership was established in 2011 with the aim of determining the strategies for economic growth and regeneration of the North East region. The NELEP is an unincorporated partnership and as such, is not a legal entity and so does not have the capacity to enter into contracts, receive grant funding or incur legal rights or obligations in its own name. In such circumstances arrangements have been put in place for Host Authority and Accountable Body roles to be undertaken by established bodies in order to implement and carry out the decisions of the NELEP.
- 1.2 Since the time that the NELEP came into existence Sunderland City Council has undertaken the roles of both Host Authority and Accountable Body. On 29th April 2014, the NECA agreed to undertake the role of Accountable Body.
- 1.3 Details of the activities undertaken in fulfilling the roles of Host Authority and Accountable Body are set out in section 3 below.

North East Combined Authority

North East Leadership Board (NELB)

Host Authority and Accountable Body

- 2.1 The Host Authority provides support services to the NELEP, such services include;
- Accountancy
 - Payroll and pensions
 - Accounts payable
 - Risk management and insurance services
 - Internal audit services
 - Legal and secretarial services
 - Procurement
 - ICT Services
- 2.2 The Host Authority is also responsible for holding the NELEP Budget and setting up accounting and other financial and management arrangements as are required to ensure the efficient implementation of NELEP Board decisions.
- 2.3 The Accountable Body is responsible for the legal and financial management of funding or grant monies allocated to the NELEP in order to achieve its project objectives ('Project Funding'). The Regional Growth Fund and Growing Places Fund are examples of previous issued Project Funding. The Accountable Body ensures that the funding is defrayed in accordance with the relevant funding terms and conditions as well as the directions and decisions issued by the NELEP Board.
- 2.4 The Accountable Body also undertakes an administrative role in relation to Project Funding including;
- the development and maintenance of administrative systems to enable the Accountable Body and NELEP to fulfil their funding responsibilities
 - submitting grant claims to the NELEP Board for approval
 - paying funds to approved recipients
 - receiving and consolidating monitoring returns for the funding recipients

The NELEP Host Authority and Accountable Body Agreement

- 2.5 To ensure that there is clarity in the differing roles and responsibilities being undertaken, and to ensure that the NECA and Sunderland City Council have the benefit of appropriate indemnities from Constituent Authorities, a Host Authority and Accountable Body Agreement (the "Agreement") has been produced. Authority must now be provided by the NECA Leadership Board to enter into the Agreement on behalf of the NECA subject to any further minor drafting changes.

North East Combined Authority

North East Leadership Board (NELB)

- 2.6 The Agreement confirms the ongoing appointment of Sunderland City Council as Host Authority for the NELEP and the appointment of the NECA as Accountable Body. The Agreement also identifies the services provided to the NELEP by each party. In exercising its role as Accountable Body the NECA, will do so in accordance with the requirements of the NELEP and implement the decisions the NELEP Board has taken provided to do so will be in accordance with the proper exercise of the Authority's powers, is in accordance with the requirements of any funding obligations and is also in accordance with the Authority's Constitution.
- 2.7 The Agreement includes a number of indemnities which provide assurance that where liabilities arise through the actions or omissions of other parties, the position of the NECA will be protected. The liability of NELEP is apportioned between the Local Authorities Parties (ie. Sunderland, Gateshead, Newcastle, North Tyneside, South Tyneside, Northumberland and Durham) in 1/7th proportions. Where losses are incurred as a result of a Local Authority Party's negligent act or default or an act not authorised by the NELEP then that Local Authority Party indemnifies each of the other Local Authority parties and the NECA in respect of such losses.
- 2.8 The NELEP Budget is to be set by the NELEP prior to the start of each financial year. The NELEP Budget is made up of the financial contributions made by Local Authority Parties, financial contributions from Government and other third parties together with contributions from the private sector. No Local Authority Party is required to make a contribution above its financial contribution without its prior approval. Sunderland City Council and the NECA are not obliged to take any action or incur liabilities which will result in expenditure exceeding the NELEP Budget for that financial year without the unanimous decision of the Local Authority Parties. All expenditure and liabilities in connection with the NELEP shall be met by the NELEP Budget in the first instance. As the Agreement requires the Local Authority Parties to unanimously agree to any expenditure or ongoing liability by the NELEP which cannot be met within available NELEP Budget this provides protection to the NECA
- 2.9 Under the terms of the Agreement the NELEP Board undertake the decision making on behalf of the NELEP and agree with the Host Authority and the Accountable Body to;
- keep projects under review and promptly make and communicate all decisions in relation to the projects to the Accountable Body
 - promptly approve and make decision relating to projects including the provision for Host Authority and Accountable Body expenses and costs
 - create and approve a plan for the priorities and strategies for each project including the approach to funding

North East Combined Authority

North East Leadership Board (NELB)

- 2.10 The Agreement also provides for a party to be able to end the Agreement by providing 6 months notice of this intention. However, if the parties agree unanimously the Agreement could be brought to an end immediately. If one party leaves the arrangement it is open for the remaining parties to continue with the Agreement. In addition the Host Authority or the NECA as Accountable Body may cease that role on 6 months notice but still remain parties to the Agreement if desired.
- 2.11 In accordance with the role of Accountable Body the NECA is required to enter into funding agreements on behalf of the NELEP and also where appropriate to incur financial obligations and liabilities on their behalf. In assessing the appropriateness of entering into agreements and deeds or entering into obligations and liabilities on behalf of the NELEP support will be provided to the NECA by Sunderland City Council and their external advisers procured to provide such advice. A key issue to be determined when assessing the appropriateness of any proposed agreement is in securing that the obligations and/or liabilities on each transaction are funded through available secured funding sources such as the Growing Places Fund and that recipients of the funding are subject to indemnities to observe the terms of the Project Funding.
- 2.12 The terms of the Agreement as described above, provide that the risks for the NECA when entering into funding agreements and other financial liabilities and obligations, are minimised.

2 Proposals

- 2.1 It is recommended that the Leadership Board:
- (i) Note the arrangements in place to provide support to the North East Local Enterprise Partnership as set out in the report, and to
 - (ii) Agree in principle the NELEP Host Authority and Accountable Body Agreement and delegate authority to the Monitoring Officer in consultation with the Chair of the Leadership Board, the Head of Paid Service and the Chief Finance Officer to finalise and enter into the Agreement on behalf of the NECA.

3 Next Steps

- 3.1 By authorising the Monitoring Officer to enter into the Host Authority and Accountable Body Agreement on behalf of the NECA it will ensure that the roles and responsibilities relating to the Accountable Body (the NECA), the Host Authority (Sunderland City Council), the NELEP and the other Local Authority Parties are clear and unambiguous.

North East Combined Authority

North East Leadership Board (NELB)

4 Potential Impact on Objectives

- 4.1 The Scheme submitted to the Secretary of State following the Governance Review undertaken to support the establishment of the NECA stated that the NECA would become the Accountable Body for the NELEP and this was formally agreed to by the Leadership Board on 29 April 2014. If the recommendations set out in the Report above are implemented, the NELEP, with the support and assistance of the NECA as the Accountable Body and Sunderland City Council as the Host Authority, will be in a position to continue to implement the decisions of the NELEP in an efficient effective manner.

5 Finance and Other Resources

- 5.1 The costs of undertaking the Accountable Body duties arising from this report will be met from existing NELEP budgets without additional budget implications for the NECA.

6 Legal

- 6.1 The legal implications are embedded within the main body of the report and there are no other material legal implication arising

7 Other Considerations

7.1 Consultation/Community Engagement

Not applicable.

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.

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.

North East Combined Authority

North East Leadership Board (NELB)

7.6 Environment and Sustainability

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

8 Background Documents

8.1 The Minutes of the Leadership Board meeting held on 29 April 2014

9 Links to the Local Transport Plans

9.1 None.

10 Appendices

10.1 None.

11 Contact Officers

11.1 Vivienne Geary Viv.Geary@northtyneside.gov.uk Tel:0191 643 5466

12 Sign off

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

North East Combined Authority

North East Leadership Board (NELB)

DATE: 15 July 2014

SUBJECT: The North East Local Enterprise Partnership (NELEP) –
Funding Agreements

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

The purpose of this report is to seek approval for the North East Combined Authority (NECA) to enter in to three project funding agreements on behalf of the North East Local Enterprise Partnership (NELEP) in its capacity as NELEP accountable body. The funding agreements relate to two projects at North Tyneside Council's Enterprise Zone site funded from the NELEP Growing Places Fund (GPF) and one project at Newcastle's Enterprise Zone site funded through Newcastle City Council's own loan arrangements with repayment via Enterprise Zone Business Rates Growth receipts. All projects have secured the necessary NELEP Board approval.

RECOMMENDATIONS

It is recommended that the Leadership Board authorise the Monitoring Officer in consultation with the Head of Paid Service and the Chief Finance Officer to finalise and enter into the Agreements on behalf of the NECA.

North East Combined Authority

North East Leadership Board (NELB)

1 Background Information

1.1 The North East Local Enterprise Partnership was established in 2011. The NELEP is an unincorporated partnership and as such, is not a legal entity and so does not have the capacity to enter into contracts or incur legal rights or obligations. In such circumstances arrangements are put in place for an Accountable Body to undertake, implement and carry out the decisions of the partnership. Since that time the NELEP has received the support of Sunderland City Council which acted as Accountable Body until 29 April this year when the NECA agreed to undertake that role.

1.2 In exercising its role as Accountable Body the NECA, will do so in accordance with the requirements of the NELEP and implement the decisions the NELEP has taken provided to do so will be in accordance with the proper exercise of the Authority's powers, is in accordance with the requirements of any funding obligations and is also in accordance with the Authority's Constitution.

1.3 The NECA is requested to enter in to funding agreements for three projects which have secured NELEP Board approval, there are:

- (i) North Tyneside Council's application for investment on the North Bank of the Tyne - Swan Hunter Enterprise Zone Project 1

Funding was approved for a Growing Places funded loan to be repaid through Business Rates Growth Income for £3.78m, which will support the requisite match funding for an already secured ERDF grant. The project will deliver infrastructure improvements including utility provision, quay strengthening and access roads.

- (ii) North Tyneside Council's application for investment on the North Bank of the Tyne - Swan Hunter Enterprise Zone Project 2

Funding was approved for a Growing Places funded loan to be repaid through Business Rates Growth Income for £2.1m, which will provide the requisite match funding for an already secured ERDF grant. The project will deliver business incubator space on the site, which will complement the investment to date on infrastructure and the site preparation progress made so far, to further develop the offshore sector along the river.

- (iii) Newcastle City Council's application for investment on the North Bank of the Tyne as part of the Neptune Yard Enterprise Zone development

North East Combined Authority

North East Leadership Board (NELB)

Funding was approved for a Newcastle City Council Public Works Loan Board loan to be repaid through Business Rates Growth Income for £6.95m, to fund works to the abnormal load / heavy goods vehicle (HGV) route linking the North Bank of the Tyne Enterprise Zone sites in Newcastle and North Tyneside with the heavy load out facilities on Walker Quay within the Offshore Technology Park (OTP). The project has two main elements:

- £0.950m is requested which will match the already secured £0.950m ERDF funding for the scheme.
- £6.0m is required to extend the heavy load out quay by 120 metres.

1.4 The NELEP Growing Places fund has adequate resource to meet the requirements of the two identified North Tyneside Enterprise Zone Projects and will be in line with the GPF capital Funding conditions. The projects are within the level of the infrastructure investment envisaged when the Enterprise Zone was agreed.

1.5 The Newcastle City Council project will be funded through Newcastle City Council PWLB borrowing arrangements and will be repaid to Newcastle City Council through NELEP Enterprise business Rates growth receipts. This is in line with Enterprise Zone principles agreed by the NELEP Board.

2 Proposals

2.1 It is recommended that the Leadership Board authorise the Monitoring Officer in consultation with the Head of Paid Service and the Chief Finance Officer to finalise and enter into the Agreements on behalf of the NECA.

3 Next Steps

3.1 By authorising the execution of agreements and other documentation on behalf of the NECA by the Monitoring Officer, subject to consultation with others, enables the necessary arrangements required for the three projects noted at 1.3 to be implemented efficiently and effectively and in a timely way.

4 Potential Impact on Objectives

4.1 By accepting the recommendations set out in the Report above the NECA will be delivering the Accountable Body function for the NELEP as formally agreed to by the Leadership Board on 29 April 2014. The projects are aimed at helping to stimulate economic growth and jobs in line with the objectives of the NELEP and NECA.

North East Combined Authority

North East Leadership Board (NELB)

5 Finance and Other Resources

- 5.1 The funding implications are embedded within the main body of the report and there are no other material funding implication arising.

6 Legal

- 6.1 The legal implications are embedded within the main body of the report and there are no other material legal implication arising.

7 Other Considerations

7.1 Consultation/Community Engagement

Not applicable.

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.

7.4 Risk Management

The individual councils will manage the risk of delivery of the projects within the approved funding levels. There are no other 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

- 8.1 The Minutes of the Leadership Board meeting held on 29 April 2014

North East Combined Authority

North East Leadership Board (NELB)

9 Links to the Local Transport Plans

- 9.1 The highway works are site works and have been discussed with the Highway Authorities are consistent with transport plans.

10 Appendices

- 10.1 None

11 Contact Officers

- 11.1 Paul Dixon, Paul.Dixon@sunderland.gov.uk 0191 5611373.

Paul Woods, Paul.Woods@northtyneside.gov.uk 07446936840

12 Sign off

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

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North East Combined Authority

Leadership Board

DATE: 15 July 2014

SUBJECT: Quarter 1 2014/15 Budget Monitoring Report

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report presents a summary of expenditure against the Authority's 2014/15 budget for the first quarter of the year, incorporating the period 15 April 2014 (the date of establishment of the Combined Authority) to 30 June 2014.

At this early stage in the year, total expenditure is forecast to be within budget at the year end, with no unexpected costs arising during the period.

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 sets out expenditure against the North East Combined Authority (NECA) 2014/15 budget for the first quarter, incorporating the period 15 April 2014 (the date of establishment of the Combined Authority) to 30 June 2014.

2 Background Information

- 2.1 A report setting out the initial budget for NECA was presented to the North East Leadership Board meeting on 29 April 2014.
- 2.2 The budget is primarily made up of transport budgets and budgets for North East Local Enterprise Partnership (NELEP) activity. As other workstreams such as Skills, Inward Investment and Communications develop detailed funded proposals during the year, the budget may need to be adjusted to reflect these additional areas of activity.

North East Combined Authority

Leadership Board

3 Proposals

The table below compares expenditure to 30 June 2014 against the budget for the year. The budget and expenditure are shown pro-rata to reflect the fact that the Combined Authority was established from 15 April 2014, and expenditure before that date relates to Tyne and Wear ITA (TWITA).

Budget Area	Budget Pro-Rata	Actual 15/04/14 – 30/06/14	Forecast
	£000	£000	£000
Expenditure			
Transport Grant to Nexus	62,215	13,525	62,215
Transport Grant to Durham	14,940	3,248	14,940
Transport Grant to Northumberland	5,312	1,155	5,312
Tyne & Wear Transport (non-Nexus)	3,150	558	3,150
Tyne Tunnels Expenditure	24,099	2,878	24,099
NECA Corporate Costs	134	19	134
NELEP	1,378	223	1,378
Total Expenditure	111,228	21,606	111,228
Funded by:			
Tyne and Wear Transport Levy	(65,366)	(14,210)	(65,366)
Durham Shadow Levy	(14,940)	(3,248)	(14,940)
Northumberland Shadow Levy	(5,312)	(1,155)	(5,312)
Tyne Tunnels Tolls	(23,690)	(5,579)	(23,690)
Tyne Tunnels Reserves	(408)	-	(408)
Contribution from NE LAs	(134)	(29)	(134)
NELEP – Contributions from NE LAs	(240)	(34)	(240)
NELEP – Government Grants Support	(1,138)	(751)	(1,138)
Total Income	(111,228)	(25,006)	(111,228)

- 3.1 Overall expenditure to date at £21.6m is 19.4% of the budget for the year. At this early stage in the year, expenditure is forecast to be in line with budget at the year end and there have been no unexpected costs or pressures on the

North East Combined Authority

Leadership Board

budget. The position does not yet take into account of any new spending and funding decisions that may be made as a result of decisions relating to reports elsewhere on this agenda.

Transport Budgets

The majority of the NECA budget relates to transport services delivered by Nexus (in Tyne and Wear) and Durham and Northumberland Councils, which is funded by the levy on constituent authorities. A grant is paid to these organisations to deliver the services, and detailed reports against these budgets will be presented to the Transport North East Committee (TNEC).

The remaining levy funded budget relates mainly to costs which must be met by the Tyne and Wear District Councils around capital financing charges for historic supported borrowing debt, where the debt was held by TWITA but the grant funding is received by the Councils. This budget also includes costs relating to support services such as Finance, Transport Policy and Democratic Services, and an element of overheads of the Combined Authority as a whole which are attributed to transport activity. The outturn report for 2014/15 was slightly better than the forecast, which meant that the balance of the general reserve for Tyne and Wear transport was £84k higher than expected and currently stands at £134k, following the refund of £440k reserves back to the Tyne and Wear Districts on the dissolution of TWITA.

3.2 Tyne Tunnels

NECA owns the Tyne Tunnels which are operated by a concessionaire company, TT2 Ltd. for a thirty year contract which runs until 2037. All costs associated with the Tunnels are met from tolls paid by users and reserves built up from tolls income, with no cost to the local or national taxpayer. This includes all financing costs associated with the construction of the new vehicle tunnel which opened in 2011.

NECA receives all toll income collected from the Tunnels, and a contract payment is made to TT2 based on traffic levels.

The remaining budget is mostly for financing costs and the costs of officer support for the Tunnels with a small operational budget for day-to-day expenditure associated with the contract.

3.3 North East Local Enterprise Partnership

The core NELEP budget provides the resource to fund the Executive Team who delivers the mainstream activities of the LEP. There are currently salary savings in quarter 1 due to staff vacancies, although a review of staffing is underway, and it is currently projected this budget will be fully spent or

North East Combined Authority

Leadership Board

committed by the year end.

Following the review of LEPs carried out by Michael Heseltine in 2012, the requirement to develop and now deliver a Strategic Economic Plan and European Strategic Investment Fund was identified. Funding of £250,000 per annum continues to be provided to LEPs to support these activities.

A legacy allocation from the REIP fund was provided to the LEP during the 2013/14 financial year. This continues to support a number of marketing and communications work streams during the current financial year.

The Growing Places and Regional Growth Fund delivery revenue budgets provide the resource to support the North East Investment Fund.

3.4 Treasury Management

The authorised borrowing limit for NECA for the 2014/15 financial year is £240m. This limit was set by TWITA in January 2014 and it is considered to remain an appropriate level. The actual level of external debt at 30 June 2014 is £199.693m, well within this limit. The average interest rate payable is 4.25%, which is made up primarily of long-term loans from the Public Works Loans Board (PWLB) and market loans, providing a high level of stability and protection against rises in interest rates.

The cash balances of NECA are currently invested with Newcastle City Council, providing an extremely low-risk return to the Authority. A detailed mid-year update on treasury management and investment activity will be presented to the authority at a later meeting.

4 **Next Steps**

4.1 The financial position will be monitored closely through the year and Budget monitoring reports will be presented to the Authority at its meetings throughout the 2014/15 year. Detailed reports on Transport budgets will be presented to the Transport North East Committee.

4.2 The Government has recently announced the continuation of its £250,000 funding for LEP core costs for 2015/16, subject to continued match funding from local councils. With decisions about the appointment of posts being made in the near future, constituent Councils within the LEP have been asked to confirm their match funding contribution for 2015/16. An update on progress will be made in September.

North East Combined Authority

Leadership Board

5 Potential Impact on Objectives

- 5.1 The report sets out the finance and resourcing of 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 Council has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

8 Other Considerations

8.1 Consultation/Community Engagement

The Authority's budget for 2014/15 comprises previously approved budgets which were subject to consultation as part of the approval process.

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 activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Authority.

North East Combined Authority

Leadership Board

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 Report on the 2014/15 Budget for the Combined Authority – 29 April

10 Links to Plans in the Policy Framework

10.1 This report has no direct link to Plans in the Policy Framework.

11 Appendices

11.1 None.

12 Contact Officers

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

13 Sign off

- Head of Paid Service ✓

- Monitoring Officer ✓

- Section 151 Officer ✓

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