

A meeting of the: **Cabinet**

will be held on: **Tuesday 22 July 2025**

at: **2.00pm**

in: **Dunston Activity Centre, Gateshead NE11 9SS**

The meeting will be livestreamed and available to view on the Authority's YouTube channel via ([www.youtube.com/@NorthEast\\_CA/streams](https://www.youtube.com/@NorthEast_CA/streams)).

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## AGENDA

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1. **Apologies**  
To record any apologies for absence and the attendance of any substitute members.
2. **Declarations of Interest**  
Cabinet Members are required to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest, in accordance with the Authority's [Code of Conduct for Members](#).
3. **Announcements**  
To receive any announcements from the Mayor and/or the Chief Executive.
4. **Minutes**  
To confirm as a correct record the minutes of the previous meetings held on 10 June 2025. 1 - 9
5. **Delivering the Mayor's Local Transport Plan**  
To consider and approve the Mayor's Local Transport Plan delivery using existing funding for the period leading up to 2027. 10 - 23
6. **New Deal for North East Workers**  
To endorse and approve proposals for the employment and skills strategy 'New Deal for North East Workers'. 24 - 73
7. **Child Poverty Reduction (Action plan and programme 2025-2030)**  
To endorse and approve the Child Poverty Action Plan (2025–2030) as a strategic framework for regional collaboration and investment and allocate funding to deliver the Child Poverty Reduction Programme (2025–2029). 74 - 98

8. **Budget Update: 2024-25 Outturn and 2025-26 Budget Reporting Update**  
To note an update on the provisional outturn position of the 2024-25 financial year, and 2025-26 budget reporting update. 99 - 114
9. **Centre for Writing**  
To consider and approve proposals to provide £2m of investment funding to the Centre for Writing in Newcastle. 115 - 120
10. **A North East Spatial Development Strategy**  
To consider and approve to commence the development of a North East Spatial Development Strategy (SDS). 121 - 125
11. **Next Meeting**  
To note that the next meeting of Cabinet is scheduled to be held on Tuesday 23 September 2025 at 2.00pm.

Contact Officer:  
Paul Wheeler, Democratic Services Officer  
E-mail: [paul.wheeler@northeast-ca.gov.uk](mailto:paul.wheeler@northeast-ca.gov.uk)  
Tel: 0191 277 4234  
[www.northeast-ca.gov.uk](http://www.northeast-ca.gov.uk)

## **Cabinet**

**10 June 2025**

(2.00pm)

Meeting held in: The Collections Room, The Story, Durham

## **Minutes**

**Present:** Mayor Kim McGuinness (Chair)  
Councillor Andrew Husband  
Mayor Karen Clark  
Councillor Tracey Dixon  
Councillor Martin Gannon  
Councillor Karen Kilgour  
Councillor Michael Mordey  
Councillor Glen Sanderson  
John McCabe, Business Cabinet Member  
Kate Burrows, CVS Cabinet Member

**In Attendance:** Councillor Colin Ferguson – Chair, Overview & Scrutiny Committee  
Dave Willis OBE – Chair, Audit & Standards Committee

### **C01/06/25 Apologies for Absence and Substitutes**

Martin Brookes CVS Cabinet Member, Kate Burrows attended the meeting as his substitute.

### **C02/06/25 Declarations of Interest**

There were no declarations of interest.

### **C03/06/25 Mayor's Announcements**

In her announcements Mayor Kim McGuinness:

- Introduced and welcomed the New Members to Cabinet: Councillor Andrew Husband (Durham) and Mayor Karen Clark (North Tyneside Council).
- Congratulated Sunderland AFC on their success in securing promotion to the Premiership.
- Raised the confirmation of securing £1.85bn of Transport Settlement funding, that would allow the extension of the metro to Washington and would be the first major change to the metro system in nearly three decades. The settlement would also ensure further investment in the local road network, highway repairs and cycle lanes, Electric Vehicle (EV) charging points and many more improvements. The Mayor stressed that the settlement was not the limit to the transport ambition of the combined authority and there was much more to do.

- The Mayor raised further good news that had been received from the Education Secretary Bridget Phillipson that the Government would extend Free School Meals to all families in receipt of Universal Credit, that would make a huge difference to families in the region and ensuring an estimated 90,000 children receive a nutritious daily meal.
- The North East region was the first in the country to launch a Child Poverty Reduction unit, providing extra childcare, providing children with a good start in life and allowing families to return to work. The Mayor informed Cabinet that a Child Poverty Reduction Plan would be considered at the next scheduled Cabinet meeting.
- Cabinet was informed that the Combined Authority was on course to receive an integrated settlement from Government, that would allow more freedom from Government. Further to that she had joined with the Council of Regions and Nations and Council of Mayors to call on Government to allow the introduction of a levy, an overnight charge on tourists, that would be invested directly back into major regional events that would attract more visitors to the region.

#### **C04/06/25     Minutes**

**Resolved** that the minutes of the meeting held on 18 March 2025 be confirmed and signed by the Mayor as a correct record.

#### **C05/06/25     Appointments to Cabinet, Committees, and other bodies**

Cabinet considered a report that set out details of appointments to Cabinet (including the allocation of portfolios), the Authority's committees and other bodies. It also set out the recommendations of the Independent Remuneration Panel following its review of the allowances payable to the Chair of the Audit and Standards Committee and the Independent Person appointed for the purposes of the standards regime.

The Mayor confirmed that the Police and Crime Commissioners would be invited to future Cabinet meetings as observers.

#### **Resolved that:**

##### **Cabinet**

1. noted the appointment by the constituent councils of the members and substitute members set out in Appendix 1;
2. agreed the allocation of Cabinet portfolios set out in Appendix 2 and agreed that authority be delegated to the Chief Executive, in consultation with the relevant Portfolio Holder and Mayor, to finalise the terms of reference and membership of each Portfolio Advisory Board;
3. agreed to invite as observers the Police and Crime Commissioner for Durham and the Police and Crime Commissioner for Northumbria (and authorised the Chief Executive to finalise these arrangements);
4. agreed the schedule of meetings for the municipal year 2025/26 set out in Appendix 3;
5. agreed the membership of the Overview and Scrutiny Committee set out in Appendix 4;
6. agreed the appointment of Councillor Colin Ferguson as the Chair of the Overview and Scrutiny Committee;
7. agreed the membership of the Audit and Standards Committee set out in Appendix 5;
8. agreed the appointment of members and substitute members to Transport for the North's Board, Partnership Board, Rail North Committee, Scrutiny Committee and General Purposes Committee set out in section 5 of this report, and authorised the Chief Executive in consultation with the Mayor and relevant portfolio holder, to make in-year changes to these appointments; and
9. agreed the recommendations of the Independent Remuneration Panel in respect of the allowances payable to the Chair of the Audit and Standards Committee and the

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Independent Person appointed for the purposes of the standards regime as set out in section 6 of this report.

### **C06/06/25 Overview and Scrutiny Committee Annual Report 2024/25**

Colin Ferguson, Chair of the Overview and Scrutiny Committee presented the Annual Report 2024/25. The Annual Report documented the role played by the Overview and Scrutiny Committee in reviewing and scrutinising the decisions taken by the North East Mayor and the North East CA Cabinet, monitoring delivery of its programmes and contributing to the development of its policy and strategies.

The Chair thanked all members and substitute members of the committee. He also thanked all officers who were involved in supporting the business of the committee's functions, noting that the public did not see the amount of work that was undertaken behind the scenes to ensure that, when committee meetings take place, the discussions add value.

He stated for the year ahead the committee would develop the work programme and strengthen the output in terms of policy development.

The Mayor expressed her thanks to Overview and Scrutiny Committee for all the hard work undertaken during the year and acknowledged the amount of work that had been presented to the committee to scrutinise.

A Cabinet Member stated that they welcomed scrutiny, and the committee had supported Cabinet to shape several policies and decisions over the past year and they looked forward to attending in the current year.

**Resolved** that:

The Overview and Scrutiny Committee Annual Report 2024/25 be noted

### **C07/06/25 Audit and Standards Committee Annual Report 2024/25**

Dave Willis, Independent Chair of the Audit and Standards Committee, presented the 2024/25 Annual Report which documented the role played by the Audit and Standards Committee in reviewing and scrutinising the Authority's financial affairs, risk management, internal control, and corporate governance arrangements.

Mr Willis emphasised that every meeting throughout the year was quorate and thanked members for their attendance and hoped that would continue in the future.

The Mayor expressed her thanks to the committee acknowledging the amount of work it had undertaken over the year.

**Resolved** that:

The Audit and Standards Committee Annual Report 2024/25 be noted

### **C08/06/25 Delivering for the North East: Year One Delivery and Priorities for Year Two**

Cabinet received a report which provided an overview of key achievements in year one of the North East Mayor and Combined Authority and outlined the priorities for year two to deliver the short-term pledges set out in the Corporate Plan.

The Mayor stated that in the first year £0.5bn of funding had been signed-off, covering transport, housing, skills, culture, child poverty reduction and more that:

- enabled the establishment of the first Child Poverty Reduction Unit in the UK.
- delivered more than 1000 baby boxes,
- supported 4,500 pupils to take part in extracurricular activities.
- enabled the launching of the Mayor's Childcare grant to help parents back into work.
- supported organisations through the opportunity fund with more than £250,000 of grants.
- approved an Investment Fund Trailblazer programme that would create over 3000 jobs, and support almost 650 businesses to grow.

Work already undertaken for the second year of the combined authority included:

- £1.85bn secured for transport in the region
- secured funding to finish the restoration of the Tyne Bridge
- ambitious plans to launch a New Deal for North East Workers through the £50m connected to work scheme.
- the High Streets Commission
- rolling out new smart payment technology across public transport
- progressing the work to take buses back into public control.

Members welcomed the report and noted that, during its first year, the North East CA had;

- Launched the North of England's first Carbon and Nature Marketplace, opening the way for North East firms to use carbon credits to fund environmental schemes close to home.
- Approved £17m funding to support jobs and local communities through a new Environmental Stewardship, Coast and Rural Growth Investment Plan.
- Worked with partners to secure over 70 inward investments into the region that would create over 2,000 jobs, including £50m of investment from Japanese car firm Jatco, adding to the world-leading strengths in advanced manufacturing, car making and electric vehicles.
- Set up the £70m North East Investment Fund to back small businesses and help them grow, with a target to invest in 470 firms and create 2,300 new jobs over 15 years, as part of its wider jobs creation programme.
- Begun delivering Skills Bootcamps and Adult Skills provision that would support over 52,000 people with skills, training and back to work support.
- Provided £18m funding to revitalise South Shields Town Centre through the relocation of South Tyneside College and its world-famous marine school to a central site.

In year two, the North East CA would:

- Launch the North East offshore wind programme, including the delivery of the £1m Technology Innovation in Green Growth for Offshore Renewables programmes.
- Launch a region-wide one-stop shop warm homes service, including a £1million fund, to provide advice and the opportunity to apply for a loan to 800+ residents.
- Bring together key regional stakeholders to form a Warm Homes North East Taskforce that would develop the long term strategy and action plan to ensure the tackling of cold, damp homes and fuel poverty, and prepare for devolved funding for retrofit by 2028.
- Finalise the region's Local Growth Plan and associated support for major inward investment.
- Continue to attract global trade and major inward investment projects to the region
- Prepare for the implementation of the Integrated Settlement from 2026-27.
- Launch the New Deal for North East Workers including the implementation of Shine, which would provide support for employers of all sizes to be recognised for their good work credentials or work towards improvements through a tiered assessment and reward system.
- Launch the £10 million North East CA Economic Inactivity Trailblazer to develop and test new and innovative ways to address the persistent challenges of economic inactivity.

A member also gave thanks for the level of business engagement that had taken place in the combined authority's first year, stating business had a large part to play in supporting the Combined Authority's agenda.

**Resolved** that:

1. The progress made in year one be noted
2. The priorities for year two be noted.

### **C09/06/25     Opportunity for Everyone – Annual Equalities Report 2024-25**

Cabinet was informed that to make the North East the home of real opportunity, there was a need to see equality, diversity, and inclusion not just as values, but as economic imperatives, creating an economy that worked for everyone and ensured no one was left behind, where every individual could contribute to and benefit from the region's prosperity.

Cabinet received a report entitled 'Opportunity for Everyone' that included the new 2025-2028 Equality Objectives.

The report detailed the progress made against the year one equality objectives approved by Cabinet in 2024, and set out a set of longer-term equality objectives for the North East CA which would shape a more equitable future for the North East and lay the foundation for an economy that works for all, one that all would be proud to call home.

The new objectives reflected the Authority's roles as an employer, a commissioner and a convener and which were also aligned with the Socio-Economic Duty which was expected to come into force in mid-2026.

**Resolved:**

**Cabinet**

1. Endorsed the annual equality report
2. Approved the new equality objectives for 2025-2028.

### **C10/06/25     The Regional Approach to Fulfil Ambitions for the North East Visitor Economy**

Cabinet received an update report on proposals for a regional approach that would deliver on the ambitions for the regional visitor economy, following extensive consultation with Local Authority partners, Local Visitor Economy Boards, and industry.

The outcome of the engagement and feedback had directly shaped the proposals and approach in the report, and it was anticipated that engagement would continue as the new regional approach established itself.

The report covered:

- the regional context and the opportunity to grow and develop the regional visitor economy;
- the objectives for a strategic regional tourism function that would be delivered by a revised and re-designed NGI Ltd;
- the core functions to be delivered to achieve the agreed strategic objectives from inception and start in the summer 2025;
- a proposed approach to organisational development in year 1 (FY2025/26) to ensure the company was 'fit-for-purpose', providing value for money, and was structured to deliver the confidence of all partners, with the potential to take on additional functions in future years;

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- a commitment, following organisational development, to finalise and agree a multi-year programme of activity to target the ambitions outlined in the Local Growth Plan;
- the associated costs, timeframe and investment required for the above.

The approach was consistent with the CA's Corporate Plan, that was committed to strengthening regional identity and progressing a North East identity that enabled the realisation of the potential of the remarkable creative, cultural, heritage, sporting, and visitor economy assets. The new regional approach would directly contribute to Mayoral commitments and the CA's missions and the Interim Local Growth Plan.

Members welcomed the report stating that working in a regional context would not only benefit the region but also the local tourism offer. The approach would not only see greater regional inward investment, but significant wider and international tourism into the region. It was stated that all authorities in the north east region had a great cultural offer to support the visitor economy, and the investment proposed to promote the region demonstrated its ambition, and was welcomed.

### **Resolved:**

#### **Cabinet**

1. Noted the content of this report and agree the proposed approach.
2. Agreed that the North East CA should become a member of a repurposed NGI Ltd in place of the existing local authority members.
3. Agreed to provide NGI Ltd with £1.55m of funding from the North East CA Investment Fund to support the transition to a new regional body, based on a redesigned NGI, delivering regional visitor economy activity on the basis set out in the report and authorised the Chief Executive, in consultation with the Mayor, to finalise the terms on which this grant funding is to be provided.
4. Agreed to receive a further report later this year regarding the outcome of the organisational development work described in this report, proposed next steps and implications for further future investment.

### **C11/06/25 Delivering the Mayor's Local Transport Plan**

Cabinet received a report that sought approval for the next phase of investment to assist in the delivery of the Mayor's Local Transport Plan (LTP). Cabinet was asked to agree £13.92 million across three programmes (Bus Stop Upgrades, Electric Vehicle Infrastructure and Connected Stations) utilising City Region Sustainable Transport Settlement (CRSTS) capital funding and to authorise £600,000 in CRSTS capacity funding for five preparatory studies to shape the forthcoming CRSTS2 programme.

Members welcomed the report, noting that the Northumberland train line had seen 300,000 journeys in its first 6 months of operation demonstrating the importance of public transport and increased use if it is good, reliable and value for money. It was stated that bus services in both urban and rural settings must be the same.

The need for progress in improving the region's road infrastructure to ensure the public, businesses and tourists can move around the region more easily was also raised.

### **Resolved:**

#### **Cabinet:**

1. Approved the capital investments, as outlined in section 1.3 and set out below:
  - a. £3.5 million of CRSTS capital funding for the Bus Stop Improvement Programme, with onward approvals of proposals to be managed through Finance and Investment Board, in line with the Single Assurance Framework.

- b. £6 million of CRSTS capital funding for the Connected Stations Programme, with onward approvals of proposals to be managed through Finance and Investment Board, in line with the Single Assurance Framework.
  - c. £4.42 million of capital funding for the Electric Vehicle Infrastructure Programme, with onward approvals of proposals to be managed through Finance and Investment Board, in line with the Single Assurance Framework.
2. Approved the revenue investments, as outlined in section 1.4 and set out below and authorised the Director of Transport to undertake associated procurement activity in accordance with the Authority's Commissioning and Procurement rules:
- a. £140k of CRSTS capacity funding for the procurement of a study which identifies bus priority infrastructure priorities for investment.
  - b. £130k of CRSTS capacity funding for the procurement of a study which identifies gaps in the active travel network and identifies priorities for investment.
  - c. £120k of CRSTS capacity funding for the procurement of a bike hire feasibility study.
  - d. £100k of CRSTS capacity funding for the procurement of a study which benchmarks the costs of delivering regional capital infrastructure.
  - e. £110k of CRSTS capacity funding to procure an independent assessment of transport schemes proposed to come forward through the CRSTS2 programme.

## **C12/06/25      Creating the Home of Real Opportunity – SHINE Employer Accreditation Programme**

Cabinet received a report that provided an update on the launch of the Shine Good Employer accreditation programme. Shine was an integral part of the New Deal for North East Workers (New Deal). The New Deal was the region's skills and employability plan. A key element was to become a good work region by inspiring employers to adopt and celebrate good work principles underpinned by Shine.

Shine would provide support for employers of all sizes to be recognised for their good work credentials, and to progress towards continuous improvement through a tiered assessment and reward system. Shine was created through lengthy engagement with employers and trades unions, and the scheme was aligned with regional priorities and reflected the expected changes to UK employment rights.

Supported by the seven regional Local Authorities and trade unions, an event to promote the launch of SHINE would take place on 12 June 2025 followed by a series of information roadshow events encouraging employers to find out more.

The Combined Authority would use Shine to ensure that employers, particularly small and micro employers, could access the knowledge and resources they need to develop good employment practices that lead to a more skilled and resilient business base and workforce, so paving the way to the creation of the good jobs of the future.

Shine supported the ambition for the creation and sustaining of entrepreneurial communities ensuring that the North East was a cohesive, inclusive, and resilient region where everyone thrives and can contribute to the region's success. The programme would be monitored to ensure activity met a range of positive outputs and priorities including an overall improvement of job quality over time.

Members welcomed the report and stated that the volunteer and charitable enterprises welcomed the initiative of the sector and would be promoting Shine, stating that the inclusive approach that enabled organisations no matter of size to gain parity of esteem was welcomed.

It was further stated that Shine was an excellent initiative, and evidence had shown that good work was good for employees, employers and productivity, supported absence rates, and aided employers to attract and retain talent. It was noted that the accreditation should not create further regulatory or cost pressure to businesses.

**Resolved:**

**Cabinet**

1. Noted and endorse the objectives of Shine.
2. Noted the forthcoming engagement initiatives.

**C13/06/25      Brownfield Housing Programme Fund**

Cabinet received a report that provided an update on the North East Brownfield Housing Fund Programme that had secured over £49.2m of public investment to unlock over 2,989 homes and over 73.9 hectares of brownfield land.

The Ministry for Housing Communities and Local Government (MHCLG) had indicated that, due to strong performance and success of the current Brownfield Housing Fund Programme in the NECA region, an additional £17.6m capital resource was expected to be allocated in 2025/26 to unlock circa 705 homes. Construction of these homes would need to start on site during 2028/29.

The report set out the proposed next steps to allocating additional resource to the existing Brownfield Housing Fund Programme, as an important part of the Housing and Land Portfolio to support the ambitions of the Interim Local Growth Plan to expand the housing offer and affordable housing within the region and the Government's commitment to deliver 1.5m homes.

The report was welcomed and, it was noted that there were many brownfield sites requiring re-development in the region and that this was what residents who live near those sites wanted. The additional investment would deliver more much needed decent homes for residents and families.

**Resolved:**

**Cabinet**

1. Noted the progress made to date in respect of delivering the North East £49m Brownfield Housing Fund Programme.
2. Agreed to accept and allocate £17.6m Brownfield Housing Fund resources for 2025/26 from MHCLG to extend delivery of the North East Brownfield Housing Fund Programme and endorse the work programme set out for 2025/26.
3. Agreed that the Chief Executive be authorised to progress pipeline development, including procurement processes and award of contracts, for the Brownfield Housing Fund Programme, subsequent business cases and investment decisions in consultation with the Mayor and appropriate Portfolio Holder subject to the thresholds as set out in the Single Assurance Framework and previously agreed by Cabinet, i.e.:
  - Investment approvals up to £500k are to be approved by the Chief Executive, in consultation with the S73 Officer and Monitoring Officer.
  - Investment approvals over £500k and up to £1 million are approved by the Chief Executive, in consultation with the Technical Officers Group, S73 Officer and Monitoring Officer.
  - Investment approvals over £1 million and up to and including £5 million are approved by the Chief Executive, in consultation with the Finance and Investment Board, S73 Officer and Monitoring Officer.

**C14/06/25      Home of the Green Energy Revolution: Newcastle College Energy Expansion**

Cabinet received a report that provided an overview of the progress on delivery of the North East Investment Zone.

The Energy Academy project formed the next phase of the Investment Zone skills programme, following approval of the MADE NE project in July 2024, and the Energy Central Institute in February 2025. The project was aligned with the commitment outlined in the North East Local Growth Plan to strengthen and diversify the skills regional skills pipeline for offshore and renewable energy, and the Mayoral priority to create a Green Energy and Engineering Super Academy. Looking ahead, there was a strong investment pipeline within the Investment Zone.

**Resolved:**

**Cabinet**

1. Approved in principle the award of funding of up to £8,487,332 from the North East Investment Zone programme for the Newcastle College Energy Academy project, and delegated approval and the finalisation of the funding agreement to the Chief Executive in consultation with the Finance and Investment Board, Section 73 Officer, and Monitoring Officer; and
2. Approved an in-principle allocation from the North East Investment Zone programme to support business investment in the Zone, as set out in the confidential appendix, and delegated approval of the funding and the finalisation of the funding agreement to the Chief Executive in consultation with the Finance and Investment Board, Section 73 Officer and Monitoring Officer.

**Title:** Delivering the Mayor's Local Transport Plan  
**Report of:** Tobyn Hughes, Director of Transport  
**Portfolio:** Transport

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## Report Summary

The Mayor has secured a transformative £1.85 billion transport investment from government through the new Transport for City Regions (TCR) fund. Alongside other funding available to the North East CA and finance to be raised by working with the private sector, the Combined Authority now has significant resources available to deliver schemes set out in the Mayor's Local Transport Plan for the period 2027-2032, including extending the Metro to Washington and creating the Angel Network. This report provides initial details.

Meanwhile, this report also seeks Cabinet's authority to take forward a number of activities to continue the Mayor's programme of transport delivery using existing funding for the period leading up to 2027, including the allocation of £27.2 million of funding, as set out below:

- £16 million of Bus Service Improvement Plan funding to support local bus services across the region through to March 2027.
- £6.3 million of TCR funding brought forward into the current delivery period with the agreement of the Chancellor of the Exchequer and the Department for Transport, to fund the gap in the budget for the restoration of the iconic Tyne Bridge, ensuring that it will reopen in time for its centenary in 2028.
- £5.9 million of CRSTS funding for the North Shields Ferry Landing, ensuring a full funding package is available for the delivery of the scheme, a key enabler of the economic regeneration of the North Shields Fish Quay.
- Delegated approval to procure and award two concession contracts to replace and operate existing electric vehicle (EV) charge-points at 7 sites across the region, seeing up to 18 public charge points upgraded, enhancing the customer experience.
- Endorse a draft Key Route Network (KRN), a network of the most important local roads in the region based on their role as key transport arteries and their economic and spatial significance. Agreeing a draft KRN will ensure that the Mayor and Cabinet have a clear and reasoned road hierarchy to assist the co-ordination of investment, improve transport network performance and build a more sustainable and resilient regional network.

## Recommendations

Cabinet is recommended to:

1. Approve the capital investments outlined below, enabling the payment of funding and the establishment of Grant Funding Agreements with Nexus and Newcastle City Council:
  - a. £6.3 million of capital funding, brought forward from the region's Transport for City Regions funding for the Newcastle City Council, Tyne Bridge Restoration project, subject to the receipt of written agreement from the Department for Transport.
  - b. £5.9 million of CRSTS capital funding for the Nexus North Shields Ferry Landing scheme
2. Approve £16 million of Bus Service Improvement Plan revenue funding to support bus services, in line with the financial allocations outlined in Section D, enabling the payment of funding and



establishment of Grant Funding Agreements with Nexus, Northumberland County Council and Durham County Council.

3. Delegate authority to the Chief Executive to progress associated procurement activity and award two concession contracts to replace and operate electric vehicle charge-points on 7 sites outlined in Section 1.4.
4. Agree the draft map of a North East Key Route Network (KRN), outlined at Appendix 1.

## **A Context**

### **1.1. Background**

- 1.1.1. The Mayor's Local Transport Plan (LTP) was adopted by Cabinet in March 2025, and sets out a vision for an integrated, safe, accessible and green public transport network that works for all. The LTP is supported by a Delivery Plan which outlines Mayoral transport priorities and projects that will transform transport in the region.
- 1.1.2. The Mayor's LTP and its associated Delivery Plan is already supported by substantial capital funding for public and sustainable transport infrastructure in the period up to March 2027, with funding secured through the City Region Sustainable Transport Settlement (CRSTS) and the Bus Service Improvement Plan (BSIP).
- 1.1.3. In June 2025, the Chancellor of the Exchequer, following extensive discussion with the Mayor, announced a further £1.85 billion of devolved transport funding for the North East to come forward through the Transport for City Regions (TCR) fund. Investments included in this report will continue the Mayor's programme of investment supported by CRSTS, BSIP and the TCR fund, ensuring that delivery to transform the region's transport infrastructure continues at pace. With the addition of the TCR fund, in total, £2.65 billion of confirmed transport funding is now in place to deliver the Mayor's LTP through to 2032.
- 1.1.4. This report also presents a proposed draft map of Key Route Network (KRN) of local authority roads in the North East. The Mayor's LTP outlines the need to define and establish a KRN to support the movement of people and goods, ensure direct connections to major transport interchanges are in place, and facilitate access to proposed new development sites. Recommendation 4 of this report seeks Cabinet agreement of the draft KRN outlined at Appendix 1, prior to the English Devolution and Community Empowerment Bill coming into force in early 2026 which will place a statutory duty on Mayoral Combined Authorities to create a KRN.

### **1.2. Transport for City Regions Funding Update**

- 1.2.1. The Mayor and North East CA have secured an additional £1.85 billion of investment through the Government's Transport for City Regions fund (TCR). Subsequent detail released by the Department for Transport (DfT), confirms that TCR marks the continuation of the approach established through the City Region Sustainable Transport Settlement (CRSTS). This model provides a multi-year, consolidated funding package to support long-term enhancements to local transport networks.
- 1.2.2. The core principles of the TCR fund remain consistent with those of CRSTS, focusing on transformational investment that drives decarbonisation and economic growth. The fund, however, places a renewed emphasis on enhancing urban mobility through integration and to support wider growth objectives such as housing delivery, with DfT confirming the following strategic objectives for the TCR fund:
  - Driving economic growth and productivity through investment in integrated local transport networks
  - Transforming infrastructure to support new housing delivery and improve access to employment, education, and services
  - Decarbonising transport and promoting healthier lifestyles by encouraging a shift from car use to public transport, walking, and cycling

- 1.2.3. As agreed in the North East CA Deeper Devolution Deal, £58.4 million has been deducted from the region's nominal TCR allocation to take account of Metropolitan Rail Grant capital payments in 2025-26 and 2026-27, with equivalent requirements in future years included within the TCR settlement for the region. As such, for the period 2027-2032 £1.79 billion will be available for investment, which is comprised of a £1.71 billion capital allocation and a £73 million revenue allocation to build capacity, develop and assist delivery of the capital funding.
- 1.2.4. The DfT have confirmed that TCR will be subject to the agreement of a delivery plan, £450k of existing CRSTS revenue funding was allocated by Cabinet in March 2025, with a further £600k allocated in June 2025, to undertake preparations and identify priorities for investment ahead of the announcement on TCR. The North East Combined Authority will continue to work with the DfT and local authority partners as further details on the fund are released, with the delivery plan for the fund to be presented, developed and agreed through Cabinet in due course.

### 1.3. Funding Approvals

- 1.3.1. **Recommendation 1 (a)** of this report seeks Cabinet approval to allocate £6.3 million of TCR funding, brought forward into the current CRSTS delivery period (2025/26 – 2026/27) with the agreement of the DfT, to fund the gap in the budget for the restoration of the Tyne Bridge, ensuring that the Bridge will reopen in time for its centenary in 2028, funding provided through TCR will form a partial contribution towards the overall funding package for the scheme with a further £35.2 million already provided by the Department for Transport through the Major Roads Network (MRN) fund.
- 1.3.2. **Recommendation 1 (b)** of this report seeks Cabinet approval to re-allocate £5.9 million of CRSTS funding towards the North Shields Ferry Landing Scheme, supplementing the existing £8.180 CRSTS allocation agreed by Cabinet in March 2025, and the £4.58m of Transforming Cities Fund (TCF) funding allocation agreed by Cabinet in July 2024, providing a full funding package for scheme delivery. Additional funding requested is proposed to be derived from the Nexus Integrated and Smart Ticketing scheme which no longer requires the full allocation (£8.8m) provided by Cabinet in July 2024, as such no allocations agreed for Local Authority schemes within the CRSTS programme will be affected by this decision. Cabinet are also asked to approve the scheme following successful independent appraisal, in line with the requirements of the Single Assurance Framework, and to agree to enter into a Grant Funding Agreement with Nexus for scheme delivery.
- 1.1.5. **Recommendation 2** of this report seeks Cabinet approval to allocate £16 million of BSIP revenue funding. The region has access to BSIP funding totalling £163.5 million, of which, £73.75 million was allocated for capital delivery and the remaining £89.75 million provided for revenue initiatives, the BSIP programme of investment was agreed by Cabinet in July 2024, further funding for revenue activities totalling £23.6 million was subsequently awarded to the region, and was agreed by the Mayor and Cabinet in December 2024. This recommendation brings forward proposals for outstanding residual revenue funding. This allocation will ensure the continuation of bus services supported by existing BSIP revenue funding into the financial year 2026/27, proposed allocations provided in Section D, are therefore, in line with original allocations provided to Durham, Northumberland and Nexus, agreed through the former Joint Transport Committee.

### 1.4. Concession contract

- 1.4.1. **Recommendation 3** of this report seeks delegated approval to procure and award two concession contracts to replace and operate existing electric vehicle (EV) charge-points at 7 sites across the region whose existing operating contracts will expire by 8th November 2025. The procured supplier(s) will be required to replace, operate and maintain the EV charge points at all sites for a period of 6.5 years.
- 1.4.2. The total value of the two contracts to the supplier(s) is estimated to be approximately £3 million over the duration of the contract period. No capital funding is required from the North East Combined Authority who will receive a small revenue share. Ownership of the charging infrastructure will lie with the procured supplier(s)
- 1.4.3. The award of two concession contracts will see up to 18 public charge points upgraded. Agreement of the recommendation will enable the region to go through a procurement process to award two concession contracts as follows:

Contract	Infrastructure	Location(s)
----------	----------------	-------------

Concession Contract 1	Filling station	West Wear Street, Sunderland
Concession Contract 2	Rapid Charging Clusters	Smithy Square, Cramlington Gateshead Leisure Centre, Gateshead Metro Centre, Gateshead St Nicolas car park, Gosforth Wentworth Leisure Centre, Hexham Beaconsfield car park, Tynemouth

## 1.5. Key Route Network

- 1.5.1. Recommendation 4 of this report asks Cabinet to agree a draft map of a Key Route Network (KRN) for the North East. The KRN identifies the most important local roads in the region in terms of their strategic transport role and their contribution to local economic priorities and spatial significance.
- 1.5.2. The draft KRN has been developed collaboratively with Local Authority partners through an evidence-led, comprehensive set of assessment criteria, including:
  - Road classification (e.g. A, B, C roads)
  - Traffic volumes and movement patterns
  - Freight usage
  - Cross-boundary connectivity
  - Public transport (bus service) usage
  - Connectivity to transport interchanges
  - Access to essential services
  - Future growth and development potential
- 1.5.3. Sensitivity testing has been undertaken to reflect wider network functions and interdependencies, and each route within the proposed KRN has been classified according to its core transport functions.
- 1.5.4. Agreeing a draft map of a North East KRN will ensure that the Mayor and Cabinet have a clear and reasoned road hierarchy to assist the co-ordination of investment, improve transport network performance and build a more sustainable and resilient regional network, prior to the English Devolution and Community Empowerment Bill coming into force (anticipated in Spring 2026), which will place a statutory duty on Mayoral Combined Authorities to create a KRN. In the interim, roles and responsibilities associated with the management and operation of the roads included with the draft KRN will be unchanged. Agreeing a draft map of the KRN will enable the North East CA to move at pace to formally adopt the KRN once the enabling legislation is in place, whilst also providing a strategic direction of travel to enable the North East CA to better coordinate its activities in the immediate term.

## B. Impact on North East Combined Authority Objectives

The LTP and its associated Delivery Plan place a key focus on delivering a fully integrated public transport system, allowing for single payments across multiple modes, better travel planning and ensuring smoother journeys. This is complemented with ambitions for a large EV charging network and an expanded and joined-up walking and cycling network with supporting facilities and provision, with a focus on safety and security for women and girls. The proposals included within this report directly contribute towards achieving these aims, and in turn, support the North East Combined Authority corporate objectives, in particular, delivering a Home of real opportunity and a North East we are proud to call home.

The benefits that will be realised through the delivery of the TCR, CRSTS and BSIP funded programmes included in this report will improve the attractiveness, accessibility, safety and security of public transport, leading to more people choosing to travel sustainably, journey time savings for people choosing to travel sustainably and the reduction in harmful emissions owing to a concerted focus on decarbonisation. Delivery of investment through CRSTS and BSIP as a whole will lay the foundations for an integrated and inclusive transport network to be realised through the TCR fund delivering a fairer, greener, better connected and successful North East.

## C. Key risks

Delivery risks associated with the grant funding included this report are centred on ensuring that schemes utilising funding defray expenditure in line with conditions of CRSTS and BSIP funding. In the case of CRSTS capital funding, expenditure is required by 31 March 2027. This report therefore seeks to ensure risks of delivery are mitigated and minimised as far as possible by expediting the decision-making process relating to scheme approval and ensuring required budgets are in place to ensure delivery.

A full risk assessment for the programme of transport delivery has been prepared with detailed mitigations identified. This will be maintained and reported on through the lifetime of the programme. Scheme risks will be managed throughout the delivery of schemes by scheme promoters, reported on quarterly through the claims and monitoring process and fed into the overarching programme risk register alongside the corporate strategic risk register.

This report also seeks to ensure risks of identifying, developing and agreeing CRSTS2 capital proposals are minimised through the allocation of CRSTS capacity funding and undertaking procurement activity through a range of studies, ensuring the Mayor and Cabinet are well placed to make informed decisions on the prioritisation of CRSTS2 investment.

#### **D. Financial and other resources implications**

The anticipated forecast of capital grant expenditure associated with this report (recommendations 1 a-b) is provided in the table below:

Project	Fund	FY 2025/26	FY 2026/27	<b>TOTAL (£m)</b>
Tyne Bridge Restoration	Transport for City Regions	4.200	2.100	<b>6.300</b>
North Shields Ferry Landing	City Region Sustainable Transport Settlement	0.000	5.900	<b>5.900</b>
<b>TOTAL</b>		<b>4.200</b>	<b>8.00</b>	<b>12.200</b>

Proposed allocations for Bus Service Improvement Plan revenue funding associated with recommendation 2 of this report are provided in the table below:

Authority	FY 2026/27	<b>TOTAL (£m)</b>
Durham County Council	4.456	<b>4.456</b>
Northumberland County Council	3.214	<b>3.214</b>
Nexus	8.300	<b>8.300</b>
<b>TOTAL</b>	<b>16.000</b>	<b>16.000</b>

#### **E. Legal implications**

The comments of the Monitoring Officer have been included in this report. Proposed grant funding will be subject to grant funding agreements between the North East CA and the scheme promoters which will ensure the North East CA's obligations to the DfT with regard to TCR, CRSTS and BSIP grant funding are met. All schemes will be subject to a subsidy control assessment prior to the award of funding, in line with the Single Assurance Framework.

#### **F. Equalities Implications**

The programme of investment outlined within the Mayor's LTP and its associated Delivery Plan aims to support the delivery of a transport network that works for everyone in the North East, reducing barriers and improving accessibility for all. Interventions included in this report are designed and will

be delivered to make sure that the impacts on, and benefits for, all transport users are taken into account. The LTP and its associated Delivery Plan has been subjected to a series of assessments that cover the topics of Sustainability and Strategic Environmental Assessment (SA/SEA), Health Impact Assessment (HIA) and Equality Impact Assessment (EqIA). In addition, consideration has been made of potential implications for rural and coastal areas. Taken together these various assessments are described as an 'Integrated Sustainability Appraisal' (ISA), which confirms that delivery of the LTP will realise beneficial outcomes.

The North East CA is committed to complying with the Equality Act 2010 and the Public Sector Equality Duty and to fulfilling its statutory duties towards its employees and residents with regards to equality and inclusion, including when developing schemes.

## **G. Consultation and engagement**

The LTP and its associated Delivery Plan have been subject to extensive public consultation which ran across a 12-week period between 4 November 2024 and 26 January 2025. It included face to face engagement and meetings at locations across the region, online discussion and surveys promoted by social media. 16,294 responses were received. The interventions covered by this report are all included within the LTP Delivery Plan.

This paper has been considered through Heads of Transport of the LA7 constituent authorities. Schemes included in the Programmes recommended for approval will be subject to local approval, consultation and onwards approval in line with the processes outlined within the agreed Single Assurance Framework. Scheme promoters are responsible for undertaking consultation and engagement pertaining to each individual scheme over the course of scheme development and delivery.

## **H. Appendices**

Appendix 1 – Draft North East Key Route Network.

## **I. Background papers**

North East CA Cabinet, July 2024: <https://www.northeast-ca.gov.uk/downloads/2768/public-agenda-pack-north-east-ca-cabinet-30-07-24.pdf>

North East CA Cabinet, March 2025: <https://www.northeast-ca.gov.uk/downloads/3509/cabinet-agenda-18-march-2025-public-.pdf>



North East CA Cabinet, June 2025: <https://www.northeast-ca.gov.uk/downloads/3691/north-east-ca-cabinet-10-june-2025-agenda-pack.pdf>



## **J. Contact officer(s)**



Jonathan Bailes, Head of Transport Programmes  
[jonathan.bailes@northeast-ca.gov.uk](mailto:jonathan.bailes@northeast-ca.gov.uk)



## **K. Glossary**


CA	Combined Authority
CRSTS	City Region Sustainable Transport Settlement
DfT	Department for Transport
KRN	Key Route Network
LA7	The seven Local Authorities which make up the North East region; Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.
LTP	Local Transport Plan
TCR	Transport for City Regions fund

 NECA Key Route Network
  Main rivers

 Strategic Road Network
  Railway

 Major Road Network
  Scottish border

 Supporting Routes
  Tees Valley border

 Local Authority Boundaries

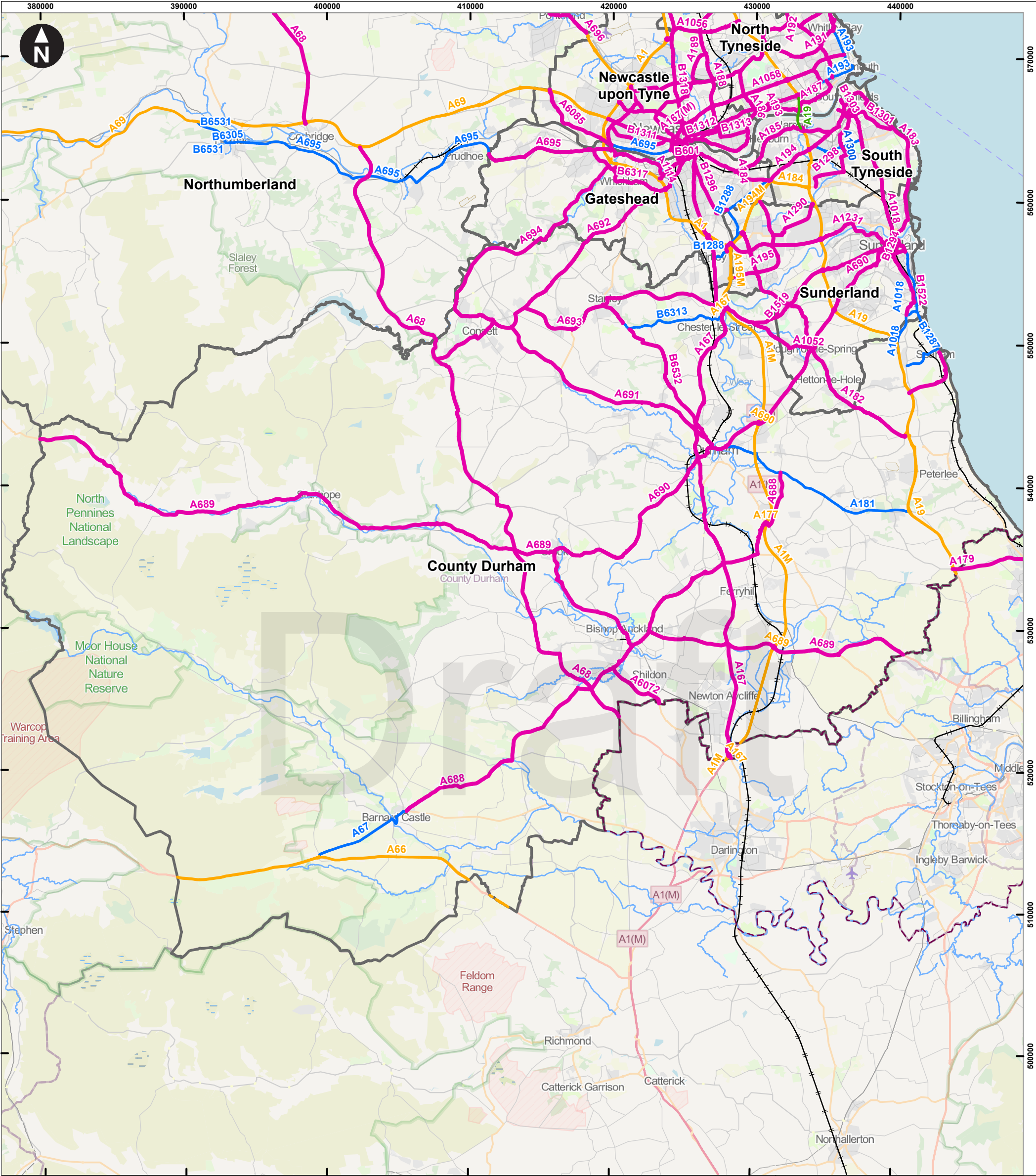
**NE** North East  
Combined  
Authority

### Key Route Network Map: Overview





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**Key**


	NECA Key Route Network		Railway
	Strategic Road Network		Scottish border
	Major Road Network		Tees Valley border
	Supporting Routes		Local Authority Boundaries
	Main rivers		

0 5 km

Scale at A3: 1:454,400

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Client




North East CA  
NECA

North East CA  
NECA

**Key Route Network Map**  
**Local Authority: County Durham**

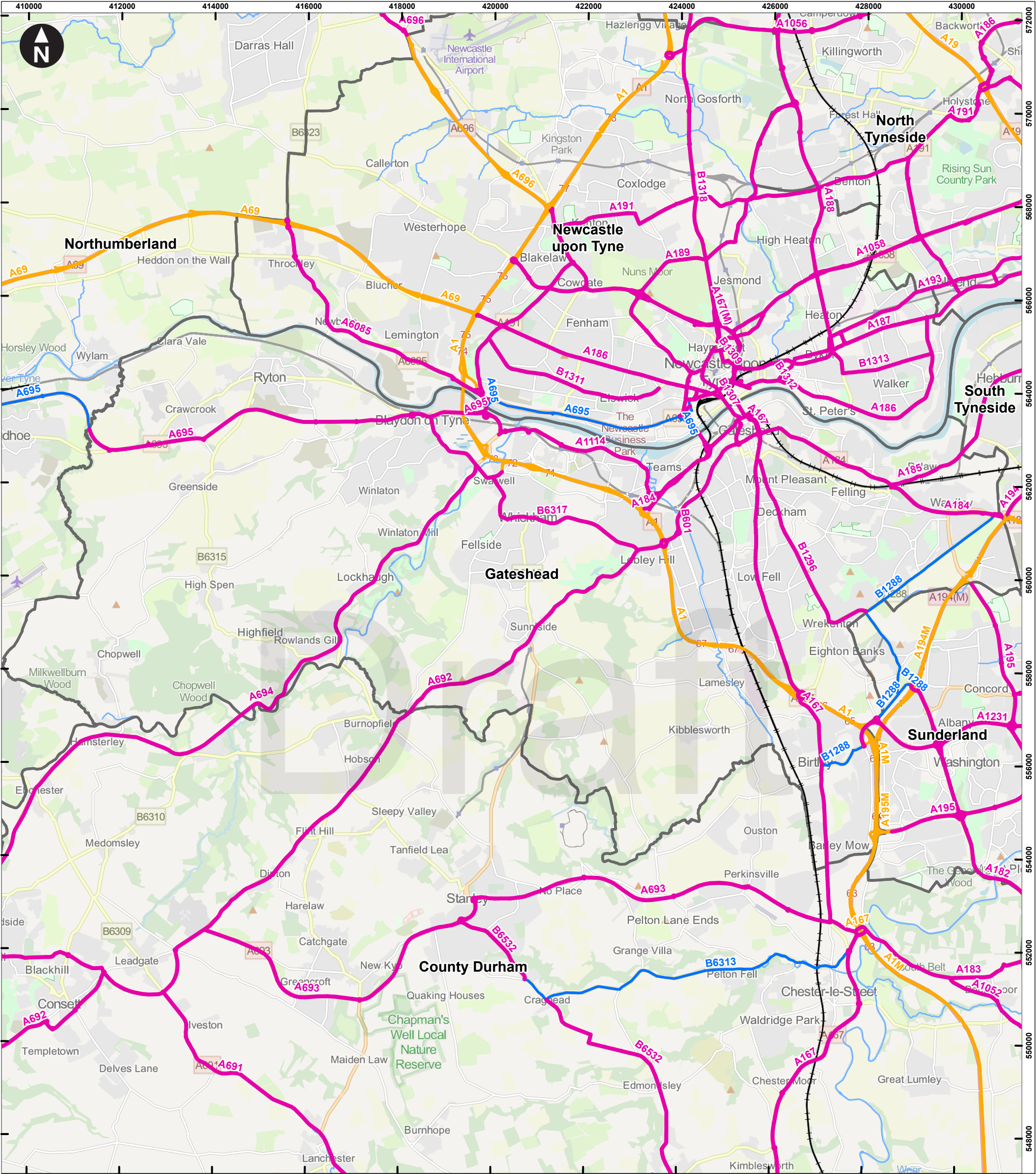
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Key

NECA Key Route Network

Strategic Road Network

Supporting Routes

Main rivers

Railway

Scottish border

Tees Valley border

Local Authority Boundaries

Client

NE

North East Combined Authority

North East CA

NECA

Key Route Network Map

Local Authority: Gateshead

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July 2025

0

5 km

Scale at A3: 1:139,400

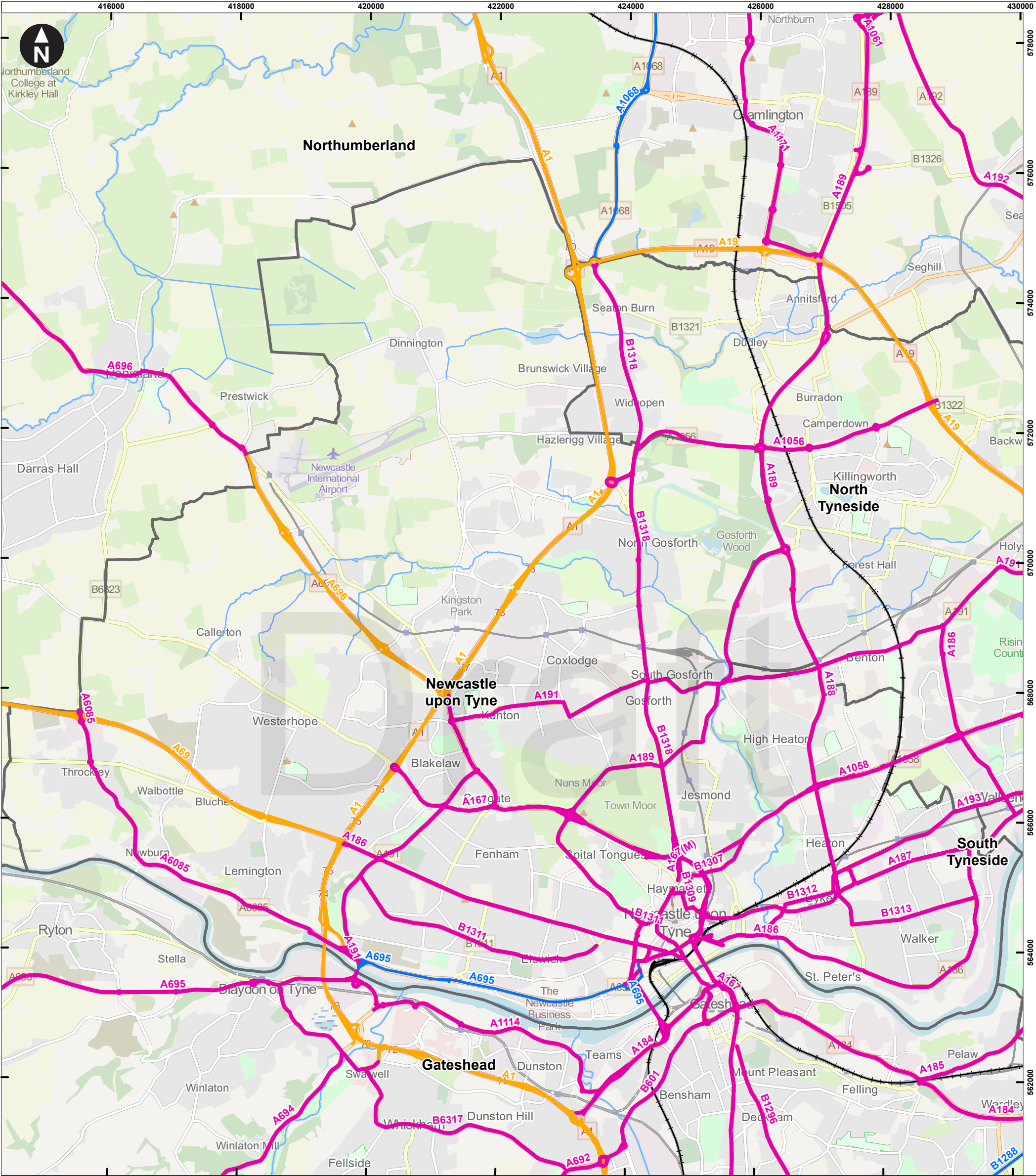
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Key

NECA Key Route Network

Strategic Road Network

Supporting Routes

Main rivers

Railway

Scottish border

Tees Valley border

Local Authority Boundaries

Client

NE

North East Combined Authority

North East CA

NECA

Key Route Network Map

Local Authority: Newcastle upon Tyne

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July 2025

0

5 km

Scale at A3: 1:100,400

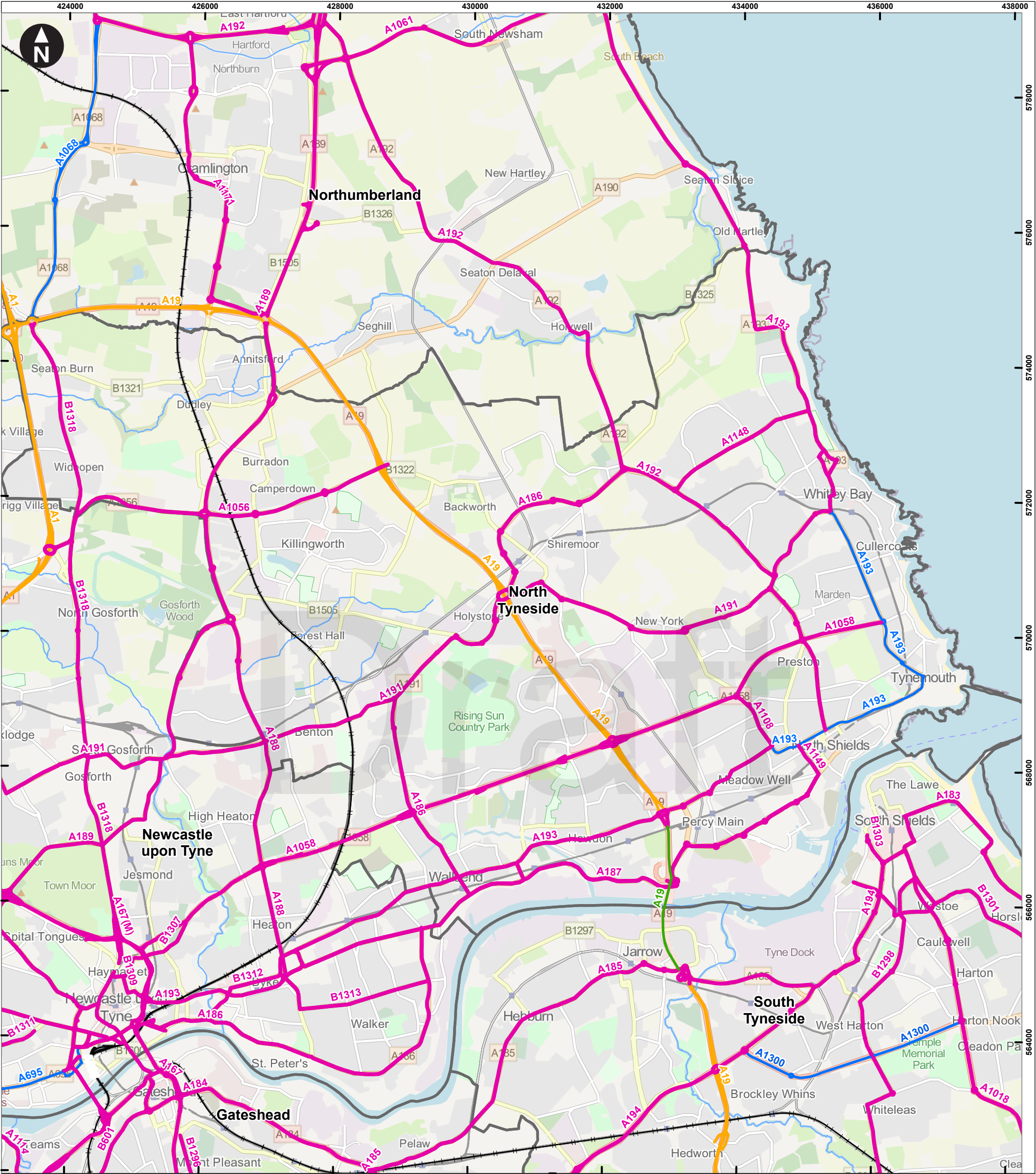
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Key

NECA Key Route Network

Strategic Road Network

Major Road Network

Supporting Routes

Main rivers

Railway

Scottish border

Tees Valley border

Local Authority Boundaries

0

5 km

Scale at A3: 1:96,500

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Client

NE

North East Combined Authority

North East CA  
NECA

Key Route Network Map

Local Authority: North Tyneside

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July 2025

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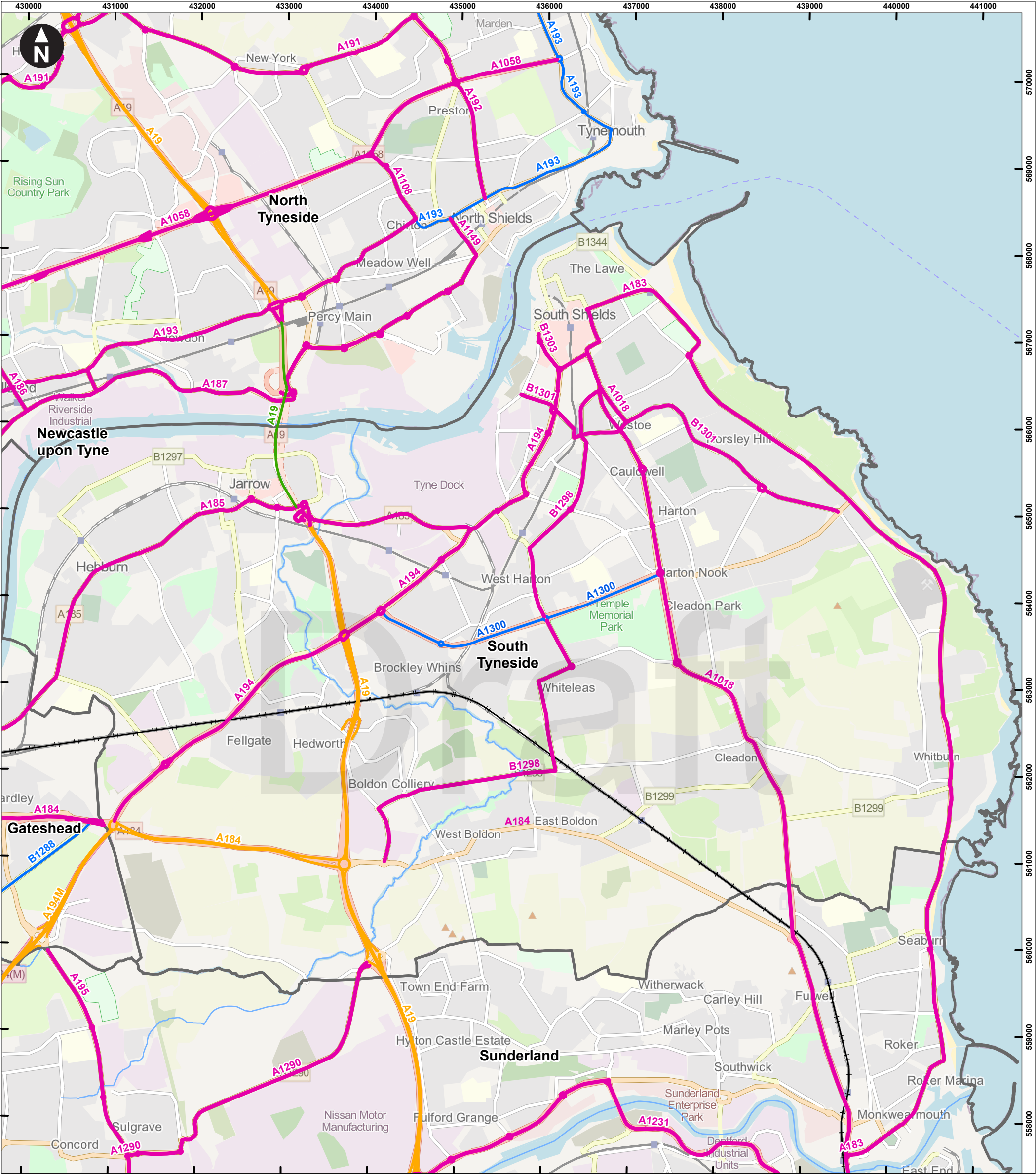
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- |     |                        |  |                            |
|-----|------------------------|--|----------------------------|
| Key |                        |  |                            |
|     | NECA Key Route Network |  | Railway                    |
|     | Strategic Road Network |  | Scottish border            |
|     | Major Road Network     |  | Tees Valley border         |
|     | Supporting Routes      |  | Local Authority Boundaries |
|     | Main rivers            |  |                            |

0 5 km  
Scale at A3: 1:74,900

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Client



North East CA  
NECA

Key Route Network Map  
Local Authority: South Tyneside

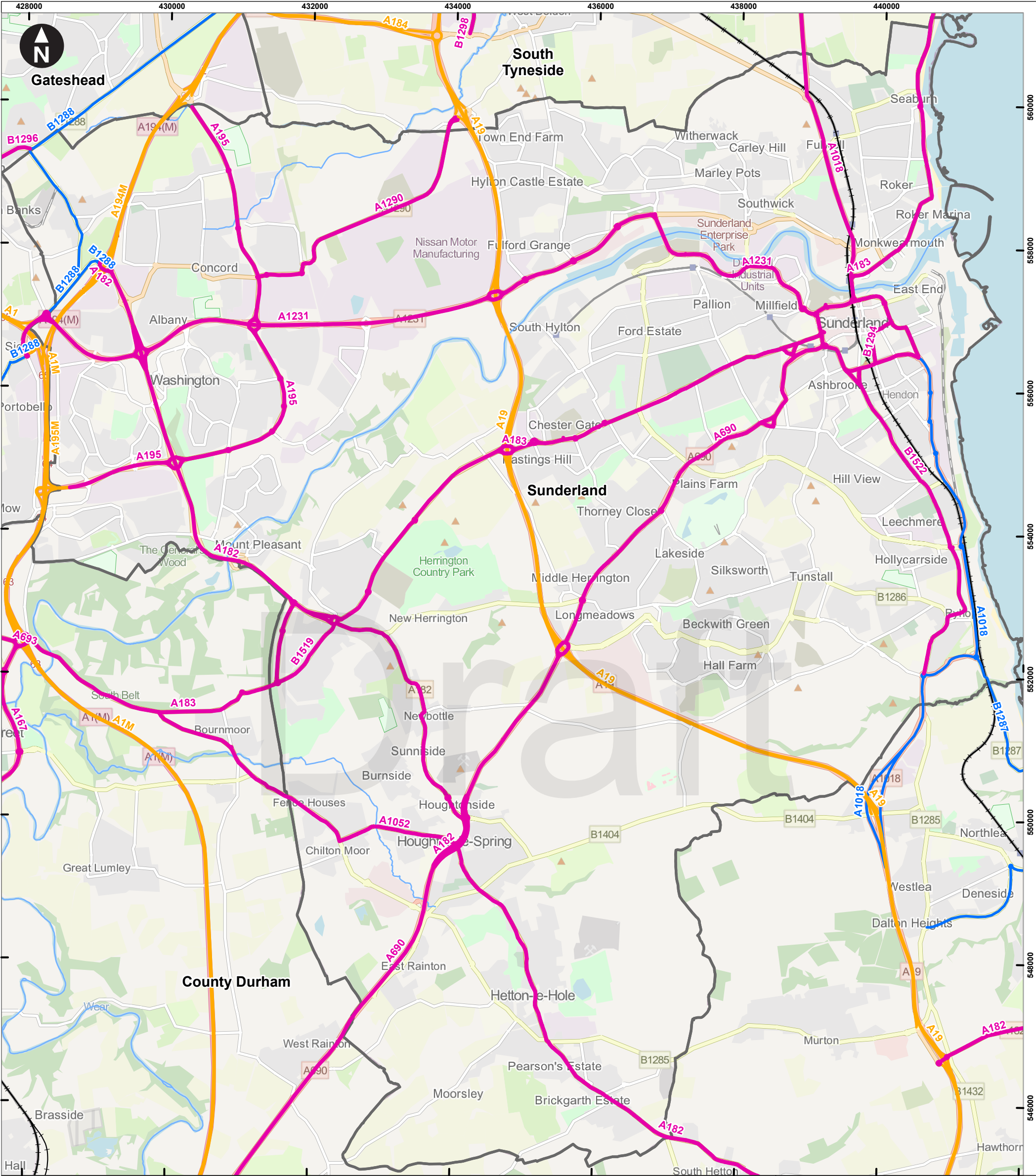
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Key

- NECA Key Route Network
- Strategic Road Network
- Supporting Routes
- Main rivers
- Railway
- Scottish border
- Tees Valley border
- Local Authority Boundaries

0 5 km

Scale at A3: 1:90,900

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Client

**NE** North East Combined Authority

North East CA  
NECA

**Key Route Network Map**  
**Local Authority: Sunderland**

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July 2025

**wsp**

**Title:** New Deal for North East Workers  
**Report of:** Director of Skills, Inclusion & Public Service Reform  
**Portfolio:** Home of Real Opportunity

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## Report Summary

This report presents **New Deal for North East Workers**, which brings together our employment and skills programmes in one powerful five-year plan at the heart of the North East Mayor's mission to make this region the home of real opportunity.

New Deal for North East Workers will drive delivery of the Mayor's Manifesto, our Local Growth Plan, and each of the five missions of the CA's Corporate Plan. This is how we will realise our ambition not just to create new jobs but to prepare local people for them, so that as we grow our economy the benefits are felt by everyone.

New Deal for North East Workers sets out how we will invest in the foundations of the economy to remove barriers to success for business and workers alike. The people of the North East are its greatest asset and by boosting skills and careers support, improving household incomes and enhancing health and wellbeing we will deliver a better quality of life and tackle child poverty. Employers will be able to recruit more of the skilled staff they need, and we will invest in workforce progression to support and grow every part of our economy, from leisure and hospitality to advanced engineering.

Our strategy has been built with the input from skills providers, business and trade unions. It has four key aims:

- ***Build a bigger, better skilled and more diverse workforce***  
All residents and employers should benefit from the same high-quality and consistent offer around training and development underpinned by an integrated, stable and reformed employment and skills sector.
- ***Create career pathways that enable employers to recruit and retain skilled staff***  
Make sure employers in our key growth sectors and the foundational economy can recruit from a diverse, stable and productive workforce with a wide range of skills – and that employers offer good jobs with opportunities for progression to people from all backgrounds.
- ***Targeted support to improve employment rates for all residents***  
Support residents with health conditions and disabilities, or other barriers, to develop their skills, find rewarding work and build productive, healthy and independent lives. Inspire and encourage young people to grow up with the skills, confidence and aspirations to reach their full potential.
- ***Tackling barriers that prevent residents getting into and getting on at work***  
Give people from all backgrounds and from all parts of the North East access to the basic services and conditions they need to participate in education and training, including affordable child and social care, reliable public transport, fair wages and secure employment terms.

Supported by ongoing engagement with Cabinet members, the North East CA Business and Economy Board, VCSE Leadership Board and other key partners we aim to launch New Deal for North East Workers in the Autumn. This will be followed by a high-profile regional campaign and support programme to deliver the four priorities and strategic actions set out in the plan. In consultation with partners, we will develop detailed action plans for each of the four priorities to drive our delivery.

New Deal for North East Workers is a fully designed plan, as attached at Appendix 1. Plain text and easy-read versions will be developed to ensure the plan is accessible.

## Recommendations

Cabinet is recommended to:

1. Endorse the employment and skills strategy 'New Deal for North East Workers' (attached at Appendix 1) for launch in the Autumn, which will be followed by the development of detailed action plans for the 4 priority areas.
2. Approve the proposal set out in paragraph 3.3 of this report that the New Deal for North East Workers is our response to Government's requirement for a Local Get Britain Working Plan.
3. Delegate authority to the Chief Executive, in consultation with the Mayor and Portfolio Holder for the Home of Real Opportunity, to put in place appropriate measures to support the development and implementation of the four priorities set out in the plan.

## **A. Context**

### **1. Introduction**

- 1.1 New Deal for North East Workers: improving skills and qualifications; reducing inactivity; supporting growth; and expanding opportunity across the region. This 5-year plan will play a leading role in achieving the Mayor and Cabinet's five missions, as well as delivering our Local Growth Plan ambitions and the Mayor's manifesto commitments.
- 1.2 The plan sets out four ambitious strategic priorities for the region, to improve workforce skills, reduce unemployment and economic activity to tackle child poverty across the region, and remove the barriers that prevent residents getting into and getting on at work:
  - A bigger, more diverse and more skilled workforce to support growth of our economy;
  - Create career pathways that enable employers to recruit and retain skilled staff, drawing on the expertise of our universities and colleges
  - Targeted support to improve employment rates for all residents (including disabled people and those with health conditions, young people aged 16- 24, care-leavers and carers)
  - Tackling barriers that prevent residents getting into and getting on at work
- 1.3 Our ambition, as set out in New Deal for North East Workers is that the North East will be home to a growing and vibrant economy for all. We will ensure we have the human capital needed for success - where residents of all ages and from all backgrounds and communities are encouraged and supported to develop their skills and capabilities, make progress towards and into work, find good quality, fairly paid jobs, and find a career with good prospects, and lead healthy, fulfilling working lives.
- 1.4 Our economy will thrive as our employers recruit more of the skilled staff they need, and we invest in workforce progression to support and grow our key sectors and the foundational economy, now and in the future. With good quality, sustainable jobs, more of our residents, families and children will fulfil their potential, enjoying a better quality of life in prosperous, healthier neighbourhoods.
- 1.5 New Deal for North East Workers provides the region with a mechanism to drive greater collaboration, innovation and coordination between commissioners, providers and employers within a more integrated employment and skills system. An improved support system will help more people to develop their skills and access good quality, sustainable employment. It will also ensure that businesses have the skilled workforce they need to operate efficiently and to grow.
- 1.6 The scale of challenge that ill-health poses as a contributor to rising economic activity is widely recognised. Strategic actions set out in New Deal for North East Workers include targeted support for those who are economically inactive due to ill-health conditions to re-join the workforce. Working regionally with key partners we will implement targeted policies and deliver programmes which will help overcome these challenges including delivery of the Connect to Work Programme, the Economic Inactivity Trailblazer and support the delivery of the NHS North East and North Cumbria Integrated Care Board Health and Growth Accelerator programme.
- 1.7 The North East CA's £52.m Connect to Work programme is designed to help people with health conditions and those facing complex barriers to find sustainable jobs, and the £10m 'Economic Inactivity Trailblazer' will trial new and innovative interventions to reduce economic inactivity among people with health conditions and disabilities.

- 1.8 Skills delivered through the North East CA's £64m devolved Adult Skills Fund (ASF) and £25m Skills Bootcamp funds are currently supporting residents to capitalise on good quality new jobs and opportunities in our growing sectors including the foundational economy, at the same time as tackling the challenges facing our labour market. These programmes play a crucial role in achieving our ambitions to deliver a more prosperous, greener, inclusive economy, providing good work for all our residents and the right conditions for our businesses to thrive.

## **2. Collaboration and Partnership**

- 2.1 New Deal for North East Workers has been informed by a detailed evidence base alongside consultation with a range of stakeholder groups who have a role and interest in employment and skills in the North East. Through this collaborative approach we have shaped the priorities and actions in the plan.
- 2.2 Investing in employment and skills in the North East is a responsibility shared among a variety of organisations and sectors, including businesses and public sector employers; colleges and training providers; universities; the health sector; the voluntary and community sector; government and its agencies, alongside the Combined Authority and local authorities.
- 2.3 We will work closely with regional partners to align the funding and programmes devolved locally to the Combined Authority, alongside the budgets and resources controlled by other sectors (such as colleges, universities, employers, and UK Government departments), investing together to deliver the shared vision and priorities of the New Deal for North East Workers.
- 2.4 From financial year (FY) 2026-27, the Combined Authority will receive an Integrated Funding Settlement from government, incorporating all devolved funding for skills and employment support, alongside resources for housing, regeneration, local growth, and local transport. The combination of these devolved resources will play an important role in catalysing the improvements we want to see in the North East employment and skills system.

## **3. Aligning to national policy**

- 3.1 New Deal for North East Workers will support and add value to existing and emerging national policy areas in relation to employment and skills, including the National Industrial Strategy, Skills England priorities, and the Get Britain Working White Paper.
- 3.2 The Get Britain Working White Paper sets out Government's ambitions to tackle high levels of economic inactivity and unemployment, raise skills and productivity and work towards an 80% employment rate. Mayoral Strategic Authorities are asked to bring forward 'Local Get Britain Working Plans' which will be central to the ambitions set out in the White Paper.
- 3.3 Local Get Britain Working plans will support other local strategies, and plans, including Local Growth Plans, Local Skills Improvement Plans and other health and work strategies. It is proposed that the New Deal for North East Workers is the Combined Authority's response to Government's requirement for a Local Get Britain Working Plan. It aligns to guidance issued by the Department for Work and Pensions (DWP) which is included in Appendix 2 of this report.

## **4. Local Skills Improvement Plans**

- 4.1 The English Devolution and Community Empowerment Bill confirms that Mayoral Strategic Authorities will take on joint ownership of the Local Skills Improvement Plan (LSIP) model, alongside Employer Representative Bodies, which set out the strategic direction for skills provision in an area.
- 4.2 New Deal for North East Workers and our Local Growth Plan will provide the direction of travel for the North East's LSIP. The Combined Authority will work in partnership with the Employer Representative Body to develop the new North East Local Skills Improvement Plan (LSIP) to ensure employer needs are embedded into our skills and employment ecosystem, including a better understanding of the changing employer requirements presented by structural shifts such as the low carbon transition, AI and technical adoption.



- 4.3 Joint ownership of the LSIP will give the North East CA a clear mechanism to help inform the skills offer locally. As part of these new joint ownership arrangements for the LSIP, the Combined Authority and Employer Representative Body can ensure the LSIP facilitates opportunities for 16–19-year-olds to undertake apprenticeships, education and training that lead to good quality employment opportunities.

## **5. Next Steps**

- 5.1 It is anticipated that the New Deal for North East Workers will be launched in the Autumn. This will be followed by a high-profile regional campaign and support programme to develop and deliver the four priorities and strategic actions set out in the plan.
- 5.2 In consultation with partners, detailed action plans will be developed for each of the four priorities to drive forward delivery of the New Deal for North East Workers. They will set out: the specific activities and actions to be delivered in the short term (first 1 to 2 years), and medium / longer term (years 3 to 5); the resources and inputs to be provided; the key partners to be involved and their roles; and the outcomes to be delivered.
- 5.3 Annual monitoring, reporting and evaluation will ensure all partners are clear about where good progress is being made, as well as areas where greater focus may be needed.

## **B. Impact on North East Combined Authority Objectives**

New Deal for North East Workers will play a leading role in achieving the Mayor and Cabinet's five missions as set out in our Corporate Plan, as well as delivering our Local Growth Plan ambitions and the Mayor's Manifesto commitments. The approach to delivering the strategic actions in the plan will be guided by the principles and approach set out in the Investment Framework, as part of the 2025-26 Budget and Corporate Plan and the Medium-Term Financial Plan report agreed by Cabinet in January 2025.

## **C. Key risks**

The key risk to delivery of the priorities set out in New Deal for North East Workers is insufficient resources. The North East Combined Authority has already secured devolved funding and powers for the Adult Skills Fund (ASF) and leads on the regional commissioning of a range of other skills and employment budgets and programmes including Skills Bootcamps, Free Courses for Jobs, Connect to Work and the 'Economic Inactivity Trailblazer'. Priorities and outcomes will need to be assessed in light of the Integrated Single Settlement and taken into consideration in the development and implementation of the plan.

## **D. Financial and other resources implications**

There are no specific financial decisions as a result of this report, although the Plan is expected to guide the use of future resources.

## **E. Legal implications**

The comments of the Monitoring Officer have been included in this report.

## **F. Equalities Implications**

The North East CA complies with the Public Sector Equality duty and is conscious of the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader.

## **G. Consultation and engagement**

Collaboration and partnership has been at the heart of this work, reflected in the consultative approach to developing the strategy. Over a period of nine months, the Combined Authority has engaged a range of stakeholder groups including all constituent Local Authorities and groups drawn from employer networks, the VCSE and employment and education providers. This collaborative approach has shaped the priorities and actions in the New Deal for North East Workers.

## **H. Appendices**

Appendix 1 New Deal for North East Workers  
Appendix 2 DWP Guidance on Local Get Britain Working Plans

## **I. Background papers**

None

## **J. Contact officer(s)**

Michelle Stone – Principal Skills Manager – [michelle.stone@northeast-ca.gov.uk](mailto:michelle.stone@northeast-ca.gov.uk)  
Ruth Gaul – Principal Programme Manager – [ruth.gaul@northeast-ca.gov.uk](mailto:ruth.gaul@northeast-ca.gov.uk)

## **K. Glossary**

ASF	Adult Skills Fund
DfE	Department for Education
DWP	Department for Work and Pensions
LSIP	Local Skills Improvement Plan
NE	North East
North East CA	North East Mayoral Combined Authority
VCSE	Voluntary, Community and Social Enterprises



## **New Deal** for North East Workers

July 2025

# Foreword

## North East Mayor Kim McGuinness

**This plan forms a series of direct pledges I make to the workers of the North East, and those seeking work. As mayor, I will ensure you have what you need to find a job, and grow your career, here in our region.**

My role is to ensure the North East Combined Authority works to support you, and in this plan I set out how we will ensure, every day, the focus is on ensuring people living here have access to a good job.

We are setting out to make the North East the home of real opportunity, a mission which will only succeed if everyone feels the difference.

This New Deal for North East Workers is a key component of our vision for a better region, setting out the employment and skills improvements our residents, businesses and economy need to thrive.

We set out here the steps needed to ensure people of all ages and backgrounds can develop their skills, find good quality, well-paid jobs, and build a career with good prospects in a region they love. That pledge is as important for those in the foundational economy as it is for those in working in specialised roles.

The activities set out in the plan underpin our wider ambitions for the region. From reducing child poverty to making us the home of the

green energy revolution, the path to success comes from giving everyone the chance to thrive.

We know that while some people need access to advanced skills to further their career while staying in the region, for others there are excessive barriers to work that must be addressed first.

By taking a comprehensive and joined-up approach we will deliver a New Deal for North East Workers that tackles the opportunities and challenges in our economy and labour market, playing a vital role in building the sound employment and skills foundations the region needs.

Investment in people isn't just our moral duty, it's the core of our economic plan. When we have a well-paid, skilled workforce at all levels of the economy, businesses will thrive and create more jobs.

The ability to invest in North East skills comes from our devolution to date, but it is clear we must go further. Through our upcoming Integrated Settlement we gain more freedom to invest our resources in a way which benefits the North East. As mayor I will continue to seek a new devolution deal in which the people of the North East are handed more control over our skills investment, ensuring more decisions about this region are taken in this region.




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**When we have a well-paid, skilled workforce at all levels of the economy, businesses will thrive and create more jobs.**

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## Vision

**The North East will be home to a growing and vibrant economy for all.**

We will ensure we have the human capital needed for success - where residents of all ages and from all backgrounds and communities are encouraged and supported to develop their skills and capabilities, make progress towards and into work, find good quality, fairly-paid jobs, and find a career with good prospects, and lead healthy, fulfilling working lives.

Our economy will thrive as our employers recruit more of the skilled staff they need, and we invest in workforce progression to support and grow our key sectors and the foundational economy, now and in the future.

With good quality, sustainable jobs, more of our residents, families and children will fulfil their potential, enjoying a better quality of life in prosperous, healthier neighbourhoods.

## Our Four Priorities

1	<b>Build a bigger, better skilled, and more diverse workforce</b>	<b>Ambition:</b> Our key growth sectors are equipped with a diverse high-skilled workforce, and our foundational economy is supported to grow and thrive. All residents and employers benefit from the same high-quality, comprehensive, and consistent service, wherever they are in the region, underpinned by an integrated, stable and reformed employment and skills sector.
2	<b>Creating career pathways that enable employers to recruit and retain skilled staff</b>	<b>Ambition:</b> Employers of all sizes are able to fill job vacancies and benefit from a stable, productive, skilled workforce, offering good jobs with opportunities for progression to people from all backgrounds.
3	<b>Targeted support to improve employment rates for all residents</b>	<b>Ambition:</b> Residents with health conditions and disabilities, and those with multiple complex barriers, have the opportunity to develop their skills, do rewarding work and lead productive, healthy and independent lives. Young people have the skills, confidence and support for their aspirations to progress into a job and lead fulfilling working lives.
4	<b>Tackling barriers that prevent residents getting into and getting on at work</b>	<b>Ambition:</b> Residents from all backgrounds and communities have access to the basic services and conditions they need to participate in education and training and to get and keep a rewarding job, including affordable childcare / social care, reliable public transport, and fair wages and secure employment terms.

### Supported by:

**Collaboration:** Our skills and employment support providers, businesses and other agencies work together to deliver the region's priorities, simplify employment and skills services, tackle duplication in the system, and maximise efficiency & impact.

**Innovation:** We strive constantly to create new and better ways to address the region's employment and skills issues, recognising we need to do things differently to achieve real change, testing new approaches to service design, delivery and commissioning.



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# 1 Introduction

**A New Deal for North East Workers: improving skills and qualifications; reducing unemployment and inactivity; supporting economic growth; and expanding opportunity across the region.**

This 5-year plan - 'A New Deal for North East Workers' - will play a leading role in achieving the Mayor and Cabinet's five missions<sup>1</sup>, as well as delivering our Local Growth Plan<sup>2</sup> ambitions and the Mayor's manifesto commitments.

Capitalising on the new freedoms and flexibilities that devolution brings, our New Deal for North East workers sets out how we will realise the human capital needed for economic success, how we will deliver an integrated, innovative regional employment and skills system and how we will deliver better outcomes for all residents and businesses.

Collaboration and partnership is at the heart of this work, reflected in the consultative approach to developing the plan. We have engaged regional stakeholders with a role and interest in employment and skills in the North East, in a conversation about the opportunities and challenges we face, and our shared ambitions for the future. Through this collaborative approach we have shaped the priorities and actions in this New Deal for North East Workers.

Our missions set clear, long-term, goals that contribute to a bold vision of change:



## Home to a growing and vibrant economy for all

Thousands more good jobs will have been created, contributing to higher levels of employment and rising take-home pay.



## Home of the green energy revolution

The North East will be at the forefront of the low-carbon economy, with the region a national leader on the path to net zero.



## A welcoming home to global trade

We will continue to welcome international companies to the North East, exceeding national average levels of Foreign Direct Investment, whilst also seeing the proportion of international visitors increase.



## Home of real opportunity

Every child will have access to opportunity, while we will also have seen an improvement in skills and health outcomes and a substantial reduction in child poverty.



## A North East we are proud to call home

More affordable and social homes will have been built, alongside the delivery of a green, integrated, transport network which connects everyone.

<sup>1</sup> North East Combined Authority Corporate Plan 2024-28

<sup>2</sup> Local Growth Plan



## Our region

**With a dynamic £54bn economy, the North East is well placed to build on its reputation as a place of energy and creativity to thrive in the modern economy.**

Home to world-class firms such as Nissan, Sage Group, P&G, Low Carbon Materials and SMD. Working with partners, we have an ambitious plan to make the most of our sectoral strengths and our strategic location at the heart of the country and facing out to the North Sea.

The region has three cities, many vibrant towns, and extensive rural and coastal communities. The region is home to the UK's original modern light rail system, as well as four deep-water ports, riverside assets and infrastructure, and an international airport. Our manufacturing and mining legacy have translated into strengths in advanced manufacturing and renewable energy generation and storage, as well as growth opportunities in life sciences, digital and creative industries. We are a cultural centre, with benefits for our residents, visitors, and economy.

The North East is a powerhouse of innovation and responsiveness with a strong collaborative mindset, passionate people, and a will to succeed. Our fast-developing employment and skills system includes a regional partnership of Universities, Further Education (FE) colleges, employment and training providers, voluntary

and community sector organisations and, increasingly, health organisations who are well placed to meet the needs of local residents and businesses, stimulating inclusive economic growth.

We have much to be proud of and build on. We have many of the pre-requisites to be able to achieve our missions, but too many of our residents and businesses are being held back by an economy punching below its weight in terms of skills, productivity and Gross Value Added (GVA).

Our region has some of the highest rates of economic inactivity and youth employment in the UK. Inactivity due to health conditions and disabilities has risen sharply in recent years, and too many of our residents are working in low paid, insecure jobs. People in the North East who are living with a long-term health condition or who have a disability are disproportionately likely to be out of work and are often excluded from training and education opportunities that would help them to develop the skills they need for work.

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**The North East is a powerhouse of innovation and responsiveness with a strong collaborative mindset, passionate people, and a will to succeed.**

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Growing levels of inactivity and an ageing workforce mean the region's active workforce is shrinking, and many businesses can't recruit the skilled staff they need for day-to-day operations as well as growth, while skills gaps and low skills among the current workforce are constraining productivity for many businesses.

These challenges lead to lower household incomes, putting significant pressure on public services that will only grow due to the ageing population.

We need to address the underlying causes of poor health, strengthen public services, and tailor skills and employment programmes to break down barriers to re-joining the workforce. We will implement targeted policies and programmes which will help overcome these challenges including delivery of the devolved Adult Skills Fund (ASF), the Connect to Work Programme, the Economic Inactivity Trailblazer and the NHS Health and Growth Accelerator. Working regionally with key partners to create an integrated work, health and skills system will enable the North East to realise the ambitions set out within our Local Growth Plan.

We will support good jobs, encouraging employers to meet the new North East Shine good employment standards and make it easier for businesses to support career pathways and progression.







## Our Local Growth Plan

The North East Combined Authority's Local Growth Plan sets out key priorities for the region, illustrating how we will grow our economy and improve living standards.

We have identified those sectors where the North East has unique economic assets and opportunities. These areas will be integral to the UK's future international competitiveness, and we are working with Government, including the Office for Investment, to unlock their potential. In addition, the region has a critical role to play in developing UK energy and national security.



## High-growth sectors and opportunities



### Offshore wind and energy transition

Capitalising on our position as a UK leading offshore wind and low carbon energy cluster, with 550 renewable energy companies and 17,000 employees currently, we aim to grow the North East offshore wind workforce to 24,000 by 2035.



### Advanced manufacturing including electric vehicles

The North East produces £4.5bn worth of road vehicle exports each year (13% of the UK total). It accounts for 44% of all jobs in battery and accumulator manufacturing in England, with North East employment in this sector more than doubling since 2015.



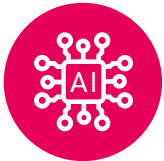
### Creative industries and content

There are 61,000 jobs in the North East's wider creative industries, 11% of which are in film, TV, radio & photography, compared to 6.3% in the rest of England (excluding the South East). North East creative industries employment has grown by 67% in the past decade.



### Life sciences, pharmaceuticals and process industries

The North East employs 7,500 people in the life sciences sector. More than 10% of England's pharmaceutical manufacturing jobs are based in the region, and the value of pharmaceutical exports from the North East is 2.4 times higher than a decade ago.



### Tech, digital, and Artificial Intelligence

There are a total of 45,000 jobs in the North East's wider digital sector, including 8,400 in Artificial Intelligence (AI). Digital sector employment has grown by 37% in the past decade, and advanced digital skills are critical to all sectors.



### Defence, security and space

The North East generates £14bn turnover and has 48,000 jobs across defence and the fast-growing space cluster. The UK defence sector is expected to grow by 50% over next five years.

Our regional high-growth sectors are facing some of the largest and most embedded skills and recruitment challenges in the economy, which will continue to impact skills needs over the coming years.

An average of 25,000 job vacancies are advertised each month in the North East and more than 50,000 unemployed and economically inactive people say they want to work. Despite this, there are still tens of thousands of unfilled vacancies in the regional economy, indicating a skills and employment terms mismatch between residents and employers.

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**Demand for degree level training and above, particular in Science, Technology, Engineering and Manufacturing (STEM) and related subjects, will continue to dominate.**

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Higher-level skills and qualifications are important to the North East economy in our drive to continue to attract inward investment, to grow our productivity and make the North East a great place to live and do business. Labour market projections indicate that a substantial amount of our employment growth will come in high-skilled jobs as we attract more investment in green sectors and

advanced manufacturing. Demand for degree level training and above, particular in Science, Technology, Engineering and Manufacturing (STEM) and related subjects, will continue to dominate, and there is a pressing need for technical skills at levels 3, 4 and 5 in areas such as advanced manufacturing.

This is a challenge for the North East where our residents are less likely to be qualified to level three than the national average. Upskilling our residents and retaining our graduates will be key to meeting this demand.

The low carbon workforce is expected to grow considerably in response to the drive to Net Zero and global demand. In the North East this growth potential is based on distinctive strategic assets in electrification, offshore wind and heat networks.

The employment and skills system has a crucial role to play in equipping our workforce with the right skills to build an inclusive and competitive low carbon economy. There is, for example, growing demand for skills in the context of the green economy covering retrofitting / energy efficiency; eco/green construction methods; resource efficiency; the low carbon industry; climate resilience; and skills to manage natural assets.

We will work with businesses, employment and skills providers and the new Energy Academy and Energy Central Campus to strengthen and diversify the skills pipeline to meet this regional demand.



Creative industries are another core asset of the North East economy with 61,000 people employed in the wider region's Creative Industries, 5% of the region's total jobs. To unlock the economic opportunities in this thriving sector, a programme of bespoke skills and training interventions is required to develop a pipeline of diverse talent, clear pathways to employment, and to equip our entrepreneurs and freelancers with the skills they need to grow.



Across all our key growth sectors, employers have expressed the importance of cross-cutting skills that enable employees to function effectively in the workplace. These cross-cutting skills include essential employment skills such as numeracy, literacy and communication, digital literacy, creativity and leadership. They have been consistently cited in our region's Local Skills Improvement Plans (LSIPs) as key to upskilling in local areas, so access to training that will tackle these skills gaps is important for boosting employment and progression.

A key priority for the Combined Authority's devolved Adult Skills Fund (ASF) is to work with a cross section of partners, to reduce the number of our residents lacking essential Level 2 skills for work, and support attainment in basic English, maths and digital skills. Addressing this will have huge economic benefits for the North East. It is estimated that for every Full Level 2 and Full Level 3 qualification that an adult starts, the economy benefits by £39,000 and £82,000 respectively.<sup>3</sup>

Technological change is a major driver of changing skills needs across sectors, indicating a substantial and growing demand for digital and wider technology skills. Whilst digitalisation brings clear opportunities for increased productivity and growth, for example Artificial Intelligence (AI) is projected to increase England's Gross Domestic Product (GDP) by 10.6% by 2030, there are also risks through automation which will remove certain

roles from the workplace. Serving staff, shelf fillers, and elementary sales occupations are at the greatest risk of automation, whereas medical practitioners, higher education teaching professionals, and senior professionals of educational establishments are at the smallest risk. Women and young people are most likely to be in roles which will be automated<sup>4</sup>.

There is a need to upskill and reskill workers currently employed in these jobs into new industries and roles. Interestingly, health and social care is projected to experience the largest employment growth from AI over the next 20 years, followed by professional and scientific, and education. Manufacturing will witness the biggest employment losses, followed by transport and logistics, and public admin and defence over the next 20 years. Subsequently, there will be a growth in demand for health and social care skills, as well as science, research, and digital skills.

Skills England will play a crucial role in providing authoritative assessments of skills needs across our key growth sectors and identifying how skills provision can help meet these diverse needs.

Key themes already emerging from Skills England correlate with local data and intelligence gathered from stakeholders in the North East. This includes our analysis of the skills pipeline in priority sectors which identifies demographic disparities in skills shortages.

These inequalities point to areas where skills shortages may be driven in part by a lack of opportunity for sections of the population. Women are substantially underrepresented in our 6 high-growth sectors, despite employment projections from Skills Imperative 2035 predicting that most of the new jobs created by 2035 will be taken by women, based on the gender mix of sectors where jobs are predicted to be created or displaced<sup>5</sup>.

Strengthening routes into careers within our key growth sectors by providing all-age career support starting in schools provides a key opportunity to tackle gender stereotypes and shape perceptions of career routes in areas such as engineering and manufacturing, construction, defence, security and space.

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<sup>3</sup> Measuring the Net Present Value of Further Education in England 2018-19 - GOV.UK ([www.gov.uk](http://www.gov.uk)), published May 2021. Available at: [https://assets.publishing.service.gov.uk/media/609e78c6d3bf7f2883267c3b/Measuring\\_the\\_Net\\_Present\\_Value\\_of\\_Further\\_Education\\_in\\_England\\_2018\\_to\\_2019.pdf](https://assets.publishing.service.gov.uk/media/609e78c6d3bf7f2883267c3b/Measuring_the_Net_Present_Value_of_Further_Education_in_England_2018_to_2019.pdf)

<sup>4</sup> Source: PWC. 2017. The economic impact of AI on the UK economy

<sup>5</sup> Occupational Outlook - Long-run employment prospects for the UK, NFER (2022)

## The foundational economy

**As set out in our Mayor's manifesto, we need to ensure that there are skilled jobs within reach for most people and create an economy that works for all.**

Alongside supporting our residents to access the employment opportunities in high-growth sectors, it is important to consider opportunities in the foundational economy.

The foundational economy provides jobs across the private, public and voluntary, community and social enterprise (VCSE) sectors. The goods and services that they provide, along with the unique role played by the VCSE sector in promoting social cohesion, are essential to creating strong and stable communities that provide a good quality-of-life and enable other businesses to thrive.

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**The foundational economy provides jobs across the private, public and voluntary, community and social enterprise (VCSE) sectors.**

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In addition to first class public services, the sector accounts for around half of employment and 60% of businesses in the region. Core activities in the foundational economy include construction, transport, social care, health, hospitality, retail, food processing and distribution.

It is a high employer of women and offers more-flexible local and part-time employment opportunities which are particularly attractive to parents and those with caring responsibilities. The employment opportunities in these areas are as important as the advanced manufacturing jobs in our region and it is critical that our employment and skills system acts as an enabler of labour market progression for residents and workers in these areas.

However, many residents are facing additional barriers to job entry, including health barriers as well as more multiple, complex needs. Many residents are facing multiple and complex barriers to work such as health, low self-esteem, low educational attainment and lack of work experience. For these residents, additional, more intensive and longer-term support is required to support them to make progress towards the labour market and in to work.

By taking a comprehensive and joined-up approach we will deliver a New Deal for North East Workers to tackle the opportunities and challenges in our economy and labour market, playing a vital role in building the sound employment and skills foundations the region needs.

It will position the region to capitalise on good job opportunities in our key sectors and foundational economy, at the same time as tackling the challenges facing our labour market. It will play a crucial role in achieving our ambitions to deliver a more inclusive, prosperous, greener economy, providing good jobs for all our residents and the right conditions for our businesses to thrive - the home to a growing and vibrant economy for all.



## 2 A New Deal for North East Workers

### Vision

**The North East will be home to a growing and vibrant economy for all.**

We will ensure we have the human capital needed for success - where residents of all ages and from all backgrounds and communities are encouraged and supported to develop their skills and capabilities, make progress towards and into work, find good quality, fairly paid jobs, and find a career with good prospects, and lead healthy, fulfilling working lives.

Our economy will thrive as our employers recruit more of the skilled staff they need, and we invest in workforce progression to support and grow our key sectors and the foundational economy, now and in the future.

With good quality, sustainable jobs, more of our residents, families and children will fulfil their potential, enjoying a better quality of life in prosperous, healthier neighbourhoods.

### Our Four Priorities

We will achieve our vision by focusing our collective efforts and resources on addressing **four priorities**. These are the areas in which, together, we can make the biggest difference by focusing on developing skills and capabilities in key sectors and areas of our economy. We will do this by supporting the region's largest groups of unemployed, economically inactive, and underemployed people to get good jobs and progress in their careers, and by ensuring that skills and employment support providers are equipped to deliver the services our businesses and residents need to thrive.





1	<b>Build a bigger, better skilled, and more diverse workforce</b>	<b>Ambition:</b> Our key growth sectors are equipped with a diverse high-skilled workforce, and our foundational economy is supported to grow and thrive. All residents and employers benefit from the same high-quality, comprehensive, and consistent service, wherever they are in the region, underpinned by an integrated, stable and reformed employment and skills sector.
2	<b>Creating career pathways that enable employers to recruit and retain skilled staff</b>	<b>Ambition:</b> Employers of all sizes are able to fill job vacancies and benefit from a stable, productive, skilled workforce, offering good jobs with opportunities for progression to people from all backgrounds.
3	<b>Targeted support to improve employment rates for all residents</b>	<b>Ambition:</b> Residents with health conditions and disabilities, and those with multiple complex barriers, have the opportunity to develop their skills, do rewarding work and lead productive, healthy and independent lives. Young people have the skills, confidence and support for their aspirations to progress into a job and lead fulfilling working lives.
4	<b>Tackling barriers that prevent residents getting into and getting on at work</b>	<b>Ambition:</b> Residents from all backgrounds and communities have access to the basic services and conditions they need to participate in education and training and to get and keep a rewarding job, including affordable childcare / social care, reliable public transport, and fair wages and secure employment terms.



### Supported by:

**Collaboration:** Our skills and employment support providers, businesses and other agencies work together to deliver the region's priorities, simplify employment and skills services, tackle duplication in the system, and maximise efficiency & impact.

**Innovation:** We strive constantly to create new and better ways to address the region's employment and skills issues, recognising we need to do things differently to achieve real change, testing new approaches to service design, delivery and commissioning.



# Priority 1:

## Build a bigger, better skilled, and more diverse workforce

**Ambition:** Our key growth sectors are equipped with a diverse high-skilled workforce, and our foundational economy is supported to grow and thrive. All residents and employers' benefit from the same high-quality, comprehensive, and consistent service, wherever they are in the region, underpinned by an integrated, stable and reformed employment and skills sector.

### Why this is important

The North East has a £54 billion economy with notable strengths in offshore wind, advanced manufacturing, creative industries, life sciences, tech, digital and AI and defence, security and space.

But, despite low unemployment by historic standards, it also has some of the highest rates of economic inactivity and young people not in work in the UK. This results in an economy punching below its potential in skills, productivity and Gross Valued Added (GVA).

Our Local Growth Plan needs human capital, as well as financial investment, to succeed. Without targeted action to build the skills of the future workforce, the region risks missing out on the opportunities that will drive sustained success into the next generation.

Our high-growth sectors have historically employed far more men than women. Without action to counter this trend we will not close the gender pay gap and will not make best use of the available talent.

The North East is home to a well-established employment and skills system, helping residents to develop skills and overcome the

challenges and barriers that prevent them from working. The region also boasts a variety of well-equipped, industry-led training facilities developing the skills needed by our high-growth sectors.

### Our high-growth sectors have historically employed far more men than women.

However, the current provision of employment and skills support is complex and fragmented. Many residents and employers find it difficult to understand what support is available to them and how and where they can access it. The availability of support services is uneven and inconsistent.

Supporting improvement and reform of the region's employment and skills sector, through co-ordinated regional collaboration, will ensure that all residents and employers, wherever they are, will have access to the same high quality, flexible support, enabling more people to develop their capabilities, confidence and skills, address barriers to employment and secure good quality, rewarding employment.



The employment support and skills system in the North East CA area is complex, fragmented and difficult for some people and employers to navigate

**100+**

Different services and providers



Uneven levels of service across the region



Some services are time limited



Short-term funding leads to inconsistency in delivery

## Diversity Data:

### Women represent:



**54%** of the UK pharmaceutical workforce<sup>6</sup>

### But women only represent:



**38%**  
of the UK creative  
industries workforce<sup>7</sup>



**29.1%**  
of the UK digital  
sector workforce<sup>8</sup>



**29%**  
of the UK space  
workforce<sup>9</sup>



**26.1**  
of UK manufacturing  
workforce<sup>10</sup>



**25%**  
of the UK defence  
sector workforce<sup>11</sup>

### and women only represent:



**20.6%** of UK offshore wind workforce<sup>12</sup>



Carers make up approx. **9%** of those in employment in England and Wales but represent closer to **12%** of those in foundational economy roles such as health and education, and **7.8%** of workers in manufacturing.



Only **7%** of the offshore wind workforce and defence workforce are of Black and Minority Ethnic backgrounds compared to **11.4%** in creative industries, **20%** in the space industry and **18.4%** in the digital sector.



**8%** of the UK space workforce have a disability, compared to **17%** in the UK. Disabled people are also under-represented in manufacturing, digital and defence industries.

<sup>6</sup> [www.carrotrecruitment.co.uk/blog/are-we-still-facing-gender-challenges-in-life-sciences](http://www.carrotrecruitment.co.uk/blog/are-we-still-facing-gender-challenges-in-life-sciences)

<sup>7</sup> [www.gov.uk/government/statistics/dcms-sector-economic-estimates-workforce-2021/dcms-sectors-economic-estimates-workforce-january-to-december-2021](http://www.gov.uk/government/statistics/dcms-sector-economic-estimates-workforce-2021/dcms-sectors-economic-estimates-workforce-january-to-december-2021)

<sup>8</sup> [www.gov.uk/government/statistics/economic-estimates-employment-and-earnings-in-the-digital-sector-january-2023-to-december-2023/economic-estimates-employment-in-the-digital-sector-january-2023-to-december-2023](http://www.gov.uk/government/statistics/economic-estimates-employment-and-earnings-in-the-digital-sector-january-2023-to-december-2023/economic-estimates-employment-in-the-digital-sector-january-2023-to-december-2023)

<sup>9</sup> [spaceskills.org/census-women#demographics](http://spaceskills.org/census-women#demographics)

<sup>10</sup> [engage.ifm.eng.cam.ac.uk/wp-content/uploads/Women-in-Manufacturing-report-2024.pdf](http://engage.ifm.eng.cam.ac.uk/wp-content/uploads/Women-in-Manufacturing-report-2024.pdf)

<sup>11</sup> [www.womenindefenceuk.com/charter](http://www.womenindefenceuk.com/charter)

<sup>12</sup> [www.renewableuk.com/media/hgzfsc2r/owic-offshore-wind-skills-intelligence-report-2023-executive-summary.pdf](http://www.renewableuk.com/media/hgzfsc2r/owic-offshore-wind-skills-intelligence-report-2023-executive-summary.pdf)

## Strategic Actions:

Short Term (Year One)	Medium Term (Up to Year Three)	Long Term (Up to Year Five)
<ul style="list-style-type: none"> <li>Provide structured progression pathways into employment growth sectors and immediate skills shortage areas.</li> <li>Ensuring the foundational economy – essential to everyday life – can access the skilled workforce it needs to grow and thrive.</li> <li>Promote self-employment as a positive route into work and earning an income.</li> <li>Promote the region's employment and skills offer, reaching more people and businesses, especially small and medium enterprises (SMEs) and making it easier for them to understand and navigate.</li> </ul>	<ul style="list-style-type: none"> <li>Further develop our targeted skills offer to support the region's high-growth sectors as set out in the Local Growth Plan: offshore wind, advanced manufacturing; creative industries; life sciences; tech, digital and AI; and defence security and space. This includes working with:               <ul style="list-style-type: none"> <li>Energy Central Campus in Blyth</li> <li>MADE North East – a skills and innovation facility for the automotive and battery sector, led by Nissan, North East Screen Industries Partnership's skills and employment group</li> <li>Dynamo and Sunderland Software City on the Digital Tech Talent Engine</li> <li>North East Space Skills and Technology Centre at Northumbria University and Durham Space Research Centre</li> <li>North East Institute of Technology</li> </ul> </li> <li>Support more women into higher paid jobs in our high-growth sectors in which they are currently underrepresented.</li> <li>Deliver accessible careers education, information, advice and guidance (CEIAG) for residents of all ages.</li> <li>Work with the Higher Education (HE) system to understand and respond to the relatively low participation in HE in the North East.</li> </ul>	<ul style="list-style-type: none"> <li>Attract, develop and retain the employment and skills workforce, ensuring their skills and knowledge are up to date and aligned to the technical training needs of key economic sectors.</li> <li>Reform and improve the system so that both residents and employers benefit from the same high quality, comprehensive, consistent service wherever they are in the region.</li> <li>Provide a commissioning and funding environment that supports consistent, comprehensive, stable services, equitable access, and incentivises innovation, including multi-year funding settlements for the best performing providers.</li> <li>Develop a more co-ordinated approach between Further Education, Higher Education and Employers to raise awareness of future job opportunities in the region and skills/education pathways to access these opportunities.</li> </ul>

## Priority 2:

### Creating career pathways that enable employers to recruit and retain skilled staff

**Ambition:** Employers of all sizes are able to fill job vacancies and benefit from a stable, productive, skilled workforce, offering good jobs with opportunities for progression to people from all backgrounds.

#### Why this is important

Many employers in the North East's key sectors and foundational economy are finding it difficult to recruit people with the skills needed to do the jobs that are available, and many residents lack the technical or higher-level skills needed by employers in growth sectors. More than 46,500 employees in the North East were judged by their employers to have a skills gap (meaning they were considered to be not fully proficient for their role), and 8% of employers in the region have at least one skills shortage vacancy. This is exacerbated by an ageing workforce, with more people leaving work due to retirement and not enough younger people joining the workforce to replace them, with Small Medium Enterprises (SMEs) worst affected by skills shortages and unfilled vacancies.

Over the next decade the demand for higher level and technical skills is expected to increase in the North East, with more jobs requiring skills and qualifications at Levels, 3, 4, 5 and above. Higher-level skills and qualifications are essential to increasing productivity, attracting inward investment and making the North East an attractive place to do business. We need to invest in developing workforce skills and capabilities so that the

region's key growth sectors and foundational economy can thrive, as highlighted in the Local Growth Plan.

There is a disconnect between the current and future job vacancies and the current pool of jobseekers in the North East, with residents facing significant barriers to accessing and progressing to these roles. There is a high proportion of North East residents with no qualifications compared to the national average and a lower proportion have qualifications at Level 4+. There are low levels of numeracy and literacy skills in the region and low levels of digital capability. In some areas, one quarter of residents have low literacy and/or numeracy skills. This lack of skills impacts people's ability to secure jobs or progress into more highly skilled, better paid jobs, while those with higher-level skills and qualifications are more likely to be employed and earn more.

Meanwhile, the fear of losing the security of benefits income prevents many unemployed and economically inactive people from taking jobs. These structural barriers exacerbate inequality, restrict the supply of potential employees and make it even more difficult for employers to fill their vacancies. Tackling these barriers to work and learning would help grow

the active workforce and reduce inequality by enabling thousands more people to improve their skills, financial security, quality of life, and wellbeing.

23% of unemployed people in the North East have no qualifications, compared to 10% of those who are in employment. Women are more likely than men to work in lower skilled, low paid jobs such as social care and retail, and there is a need to encourage and support more women and girls to pursue careers in higher paid, skilled jobs such as energy, digital, and construction.



**23%**

Proportion of unemployed people in the North East who have no qualifications



**46,500**

Employees in the North East judged by their employer to have a skills gap



**8%**

North East employers with at least one skills shortage vacancy

## Strategic Actions:

Short Term (Year One)	Medium Term (Up to Year Three)	Long Term (Up to Year Five)
<ul style="list-style-type: none"> <li>▪ In partnership with businesses, local authorities and trade unions, launch a high-profile regional campaign in a shared effort to improve current workforce skills and capabilities, and increase the offer of good jobs to people who are out of work, in line with the North East CA's Shine good employer accreditation programme.</li> <li>▪ Enable flexible and accessible delivery of education and training at all levels, that encourages people to study alongside work, caring responsibilities and other commitments.</li> <li>▪ Provide a comprehensive offer to equip people with the essential capabilities and skills needed for work including maths, English, English for Speakers of Other Languages (ESOL), communication skills, digital skills, job specific skills, confidence, adaptability, resilience.</li> <li>▪ Support people who are in work to stay in work, progress in their jobs, and achieve better paid, more secure employment, through in-work support, such as training.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide local entry points and engagement activities to make sure people can access support where they live, including additional targeted support in deprived urban, rural and coastal communities.</li> <li>▪ Promote business skills to support entrepreneurialism, spinouts, scaleups and self-employment.</li> <li>▪ Work in partnership with the Employer Representative Body to develop the new North East Local Skills Improvement Plan (LSIP) to ensure employer needs are embedded into our skills and employment ecosystem, including a better understanding of the changing employer requirements presented by structural shifts such as the low carbon transition, AI and technical adoption.</li> <li>▪ Deliver programmes working with and supporting SMEs and large employers to test new approaches to recruiting and retaining people with health conditions and disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourage and support large businesses and public sector bodies to create new jobs, apprenticeships, training and work experience opportunities through expanding the use of social value in supply chain procurement.</li> <li>▪ Establish the North East as an exemplar for apprenticeship opportunities</li> <li>▪ Ensure all employers have access to advice and support to develop the skills and capabilities of their employees and diversification of their workforce.</li> <li>▪ Deliver high quality careers education, information, advice and guidance (CEIAG) from school-age onwards so people know what opportunities are available and can access them at all stages of their lives.</li> </ul>

## Priority 3:

### Targeted support to improve employment rates for all residents

**Ambition:** Residents with health conditions and disabilities, and those with complex barriers have the opportunity to develop their skills, do rewarding work and lead productive, healthy and independent lives. Young people have the skills, confidence and support for their aspirations to progress into a job and lead fulfilling working lives.

#### Why this is important

There are too many people in our region who are not working at all or are struggling to stay in work. The North East CA area has a consistently higher economic inactivity rate than the national average; currently one quarter of working age people in the North East CA area are economically inactive. Excluding students this is 247,900 people. The largest groups of unemployed and economically inactive people need help to get jobs and keep them, including people with health conditions and disabilities; caring responsibilities; young people; and those facing other barriers (e.g. homelessness, ex-offenders, language barriers). Economic inactivity is higher among females (28.1%) than males (22.2%), mainly as a result of more females being out of work due to caring responsibilities.

These residents often also do not have the skills for work that employers need, which significantly limits their chances of getting a job. In the North East CA area 8.6% of the working age population have no qualifications, compared with a national average of 6.2%.

Only 40% of working age people in the region have a qualification at Level 4 or above,

compared with a national rate of 46.7%. In addition, many people are digitally excluded, with around 40% of residents considered to have low or very low digital capability, making it harder to find, apply for, secure and sustain employment.

The North East has a youth unemployment rate for 16-19-year-olds of 11%, compared with a national average of 7% and there are 21,400 unemployed young people aged 16-24 in the North East CA area. 2,100 16-to-17-year-olds in the North East are not in education, employment, or training (NEET)\*. The NEET rate among 16- to 24-year-olds in the North East increased from 16.4% in 2023 to 17.6% in 2024, the biggest increase of any region. Nationally, the number of males aged 16 to 24 who are NEET has increased by 40% since the pandemic, compared to a 7% rise among females.

Too many young people in our region are leaving education unprepared to enter the workforce. 14,700 16-19-year-olds in the North East CA area have no qualifications and are less likely to participate in full-time education than nationally. The full-time education participation rate for people aged 16-17 is 79.8% in the North East, compared

with 85.7% nationally. In part, this is a result of increasing levels of school exclusion, including self-exclusion, resulting in more young people facing significant barriers to progressing into work.



**107,100**

People in the North East CA area who are economically inactive due to long-term sickness



**49%**

Proportion of people with a disability or health condition in the North East that are economically inactive



**25,000**

People in the North East CA area who are economically inactive for health reasons who want a job

\* Caution should be taken when using these figures due to the estimates being based on management information data. There is considerable variation at local authority level in how well 16 and 17-year-olds are tracked, and hence 'activity not known' proportions can impact on the estimates of the proportion NEET.



### The interface between health and economic activity, employment, and productivity

- Central to the government's Get Britain Working White Paper, is the proposition that good work is vital for good health, and that more needs to be done to reform and integrate employment, health, and skills support to address rising economic inactivity, support people into better work, and create a more inclusive labour market.
- The Health Foundation's 2025 report 'Action for Healthier Working Lives' has shown that declining health among working-age people is a growing risk to both livelihoods and economic prosperity. In short, too many people are leaving work due to ill health and too few have the support they need to stay employed.
- We know that access to good work is fundamental to good health, and there is a correlation between the rate of employment and healthy life expectancy for both men and women. 'The State of the NHS in England' highlights the importance of access to the healthcare interventions that enable people to return to work. That is why NHS organisations are thinking differently about how best to support those whose ability to work is at risk, including through ill health or disability, to remain in work or make a timely return to working. This includes a greater focus on preventing people becoming ill in the first place.
- Despite the clear evidence of links between work and health, and a wide range of approaches to improve joint working, there are still significant barriers to effective joint approaches to improving work and health across organisational and departmental boundaries. It is therefore vital that a shared, system-wide approach to tackling health related economic inactivity and providing good work for those with a health condition or disability is designed and put into practice.



## Strategic Actions:

Short Term (Year One)	Medium Term (Up to Year Three)	Long Term (Up to Year Five)
<ul style="list-style-type: none"> <li>▪ Provide tailored, person-centred support packages to ensure that people, such as carers, young people, care leavers and women can gain and sustain good employment.</li> <li>▪ Provide intensive, targeted, person-centred employment and skills support to ensure that anyone with multiple and complex barriers receives the support they need.</li> <li>▪ Partner with the North East and North Cumbria Integrated Care Board (NENC ICB) to maximise the impact of our work on supporting people with health conditions to secure and sustain employment.</li> <li>▪ Create more opportunities for people with health conditions and disabilities to access work support including work experience, pre-employment programmes, and providing pathways into jobs.</li> <li>▪ Deliver targeted activities to reduce the number of young people who are not in education, employment or training (NEET), engaging young people in their communities and encouraging them to participate in education, training and work.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work with partners in the Local Authorities, Voluntary, Community and Social Enterprise (VCSE) sector, health sector and housing sector to engage people in their local communities and ensure support is visible and accessible.</li> <li>▪ Promote volunteering as a recognised route into employment especially for those with multiple barriers and those furthest away from the labour market.</li> <li>▪ Provide flexible and accessible delivery throughout the skills and employment support system to ensure services meet the needs of people with health conditions and disabilities.</li> <li>▪ Provide support to help people overcome barriers that are excluding them from work, training or education e.g. mental health, special educational needs, disabilities, homelessness, offending, poverty, travel.</li> <li>▪ Work with employers to increase the availability of work experience, placements and apprenticeships.</li> <li>▪ Provide positive vocational pathways for young people at risk of not making a successful transition into further learning or work.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promote the benefits of the 'Access to Work' grant for both residents and employers to increase the number of people securing the grant.</li> <li>▪ Ensure young people are leaving education equipped with the foundational skills, attitudes and confidence needed by employers so they can make a successful transition into work.</li> <li>▪ Provide clear progression pathways into further learning and work at post-16 through more technical education and apprenticeship opportunities, and higher education, aligned to the skills needs of key growth sectors and the foundational economy.</li> </ul>

## Priority 4:

### Tackling barriers that prevent residents getting into and getting on at work

**Ambition:** Residents from all backgrounds and communities have access to the basic services and conditions they need to participate in education and training and to get and keep a rewarding job, including affordable childcare / social care, reliable public transport, and fair wages and secure employment terms.

#### Why this is important

Poor health and health inequalities are a significant and entrenched challenge in the North East. Healthy life expectancy in the region for males is 60.4 years of age compared to the England average of 64.1; and 61.9 years of age for females compared to 65.5 for England.

The number of people economically inactive due to poor health and disability has been growing in recent years, and there are now 107,100 people in the North East CA area economically inactive due to long-term sickness. The rate of economic inactivity in the North East among disabled people or those with a work limiting health condition is 49%, almost double the rate for the overall working age population. Young people are particularly at risk of these issues, with poor health following them throughout their life course.

These health inequalities are a result of unfair and avoidable socio-economic inequalities and poverty. Almost one quarter (24.5%) of Lower Layer Super Output Areas (LSOAs) in the North East CA area are in the Index of Multiple Deprivation (IMD) 10% most deprived nationally in terms of employment. Almost one-fifth of

households in the region are workless (13.4% nationally) and 14.4% of the region's children live in workless households (9.8% nationally).

Too many people are excluded from education, training and employment because of structural barriers such as lack of access to affordable transport, childcare and social care.

Residents in doubly disadvantaged areas (those that face both high material deprivation and low levels of social assets (like community centres) and connectivity) face a 'no jobs or bad jobs' trap: over half (54%) of adult residents are economically inactive or unemployed.

There are 85,655 Universal Credit claimants in the region who are in work and claiming benefits to top-up their wages, while 19.2% of North East jobs pay below the voluntary Living Wage. Women are more likely than men to be in a low paid job. 23% of females are paid below the voluntary Living Wage compared to 15% for males, and women are more likely to work in low paid occupations, such as social care and retail.

Meanwhile, the fear of losing the security of benefits income prevents many unemployed

and economically inactive people from taking jobs.

We recognise that the agencies and organisations responsible for childcare, social care, transport, and welfare benefits, as well as employers, will need to lead the way in addressing these barriers. The North East CA will work with and support all of these organisations and sectors to bring about the changes that are needed.



**19.8%**

Proportion of households in the North East CA area that are workless



**24.5%**

North East CA LSOAs in the IMD 10% most deprived for employment nationally



**19.2%**

Proportion of jobs in the North East paying below the voluntary Living Wage



## Strategic Actions:

Short Term (Year One)	Medium Term (Up to Year Three)	Long Term (Up to Year Five)
<ul style="list-style-type: none"> <li>Partner with the North East and North Cumbria Integrated Care Board (NENC ICB) to maximise the impact of our work on supporting people with health conditions to secure and sustain employment.</li> <li>Trial the Mayor's Childcare Grant to improve the provision of accessible, affordable childcare so that more economically inactive people with caring responsibilities (particularly women) get the support they need to allow them to develop their skills, get a job, boosting family incomes and tackling poverty.</li> <li>Expand skills and training interventions to increase the capacity and opportunities for progression in the childcare/early years, transport and health &amp; social care workforce ensuring these essential sectors have the skilled staff they need.</li> </ul>	<ul style="list-style-type: none"> <li>Provide a visible and accessible 'front door' to universal skills and employment support for everyone in the North East who needs it.</li> <li>Utilise existing local facilities alongside providing new Hubs allowing people to access employment, skills and health support where they live, alongside access to online digital advice and support.</li> <li>Co-design future employment/skills programmes with residents who have lived experience of barriers to work.</li> <li>Work with the Department for Work and Pensions (DWP) and other stakeholders to test local solutions, enabling people to make a successful and lasting transition from benefits into work.</li> <li>Invest in the voluntary and community sector, and carers sector, to integrate service offers and enable residents to receive specialist support on their journey into sustainable employment.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate and integrate the planning and joint delivery of health, employment and skills services.</li> <li>Encourage and support employers to offer more secure employment terms, development opportunities, and improved wages, making it more attractive for people to take up jobs and stay in work, in line employer accreditation programmes i.e. North East CA's Shine and Better Health at Work awards.</li> <li>Improve the provision of accessible, affordable public transport services, making it easier for people to get to work and training.</li> <li>Influence the design, development, and testing of the new Jobs and Careers Service, ensuring a locally tailored and embedded service which is designed to meet the different needs of the North East labour market, our people, and employers.</li> </ul>



# Enablers

**Some key aspects of the region's employment, skills and health system have a particularly important role to play as enablers, supporting the successful delivery of this strategy:**

## Health

Given the significant challenges presented by poor health in our region, the North East and North Cumbria Integrated Care Board (NENC ICB) and wider health sector bring significant resources, capacity and functions that can be used to tackle health-related economic inactivity and help people remain and progress in work. The health care sector are also a key component of the foundational economy and provide significant numbers of valuable career opportunities for our residents. The NENC ICB have successfully been identified as a Health and Growth Accelerator site by Government, securing additional funding for the region to boost people's health alongside tackling the conditions that most impact people's ability to work – ranging from cardiovascular problems and diabetes to back pain and mental health issues. In line with the broader priority of shifting from treating sickness to prevention, the accelerators will work on preventing diseases that lead to people dropping out of work including diabetes, heart attacks and strokes. This could include more support for people to manage their blood pressure or diabetes, more action to find people at risk and supporting people to make lifestyle changes. The North East CA and NENC ICB are working in partnership to maximise our impact to reduce health related economic inactivity across the region, creating

a joined-up approach across the Health and Growth Accelerator and the North East CA's Connect to Work programme and Economic Inactivity Trailblazer.

## Careers Education, Information, Advice and Guidance

People of all ages and backgrounds, and at all stages in their education and working lives, need access to good quality, independent careers education, information, advice and guidance (CEIAG). CEIAG plays a vital role in supporting young people to make good education and career choices, supports unemployed people to find the right route back into the labour market, and empowers working people to continually improve their skills and progress their careers. Working with DWP, local authorities, colleges, schools, VCSE and other partners, the Combined Authority plans to establish a comprehensive locally-based offer that provides a range of appropriate and accessible information, advice and support for young people, those out of work, as well as individuals in employment, empowering every resident to take control of their learning and career development. This will play an important role in ensuring our residents have the skills to succeed, and our employers can recruit and develop the skilled and motivated workforce they need to grow and thrive.

## Progression pathways and sector skills

There are many good examples in the North East of structured occupational and sector skills training pathways offering residents a clear route into a rewarding job, at the same time as providing employers with a pipeline of skilled labour to meet their workforce needs. Successful examples include Skills Bootcamps in digital and renewable energy, and pathways from Adult Skills Fund (ASF) courses into level 3 programmes in health & social care and engineering & manufacturing. However, the region does not currently offer these types of progression pathways and sector skills programmes at the volume needed to comprehensively address the scale of the recruitment and skills challenges facing employers in our key economic sectors and foundational economy. The Combined Authority will work with employers and education providers to expand the scale and choice of sector skills progression pathways focused on addressing skills shortages and gaps in those occupations that are holding back growth in the sectors and areas of the economy prioritised in our Local Growth Plan.



## Technical education

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Technical education has an increasingly important role to play as we seek to equip more of our residents with the vocational and technical skills that will put them on a clear pathway into a rewarding job. Technical education programmes, such as apprenticeships and T-levels, bring together employers, training providers and learners to develop a pipeline of people with the specific vocational skills employers need, providing a direct route for residents into the workforce and opening up a broader range of high-quality career opportunities, particularly for young people. The Combined Authority will work with employers and education providers to encourage more young people and adults to follow a technical education pathway. We will support more employers to embed apprenticeships and technical education as part of their approach to recruitment and workforce development. Enhanced flexibility resulting from the introduction of the new Growth and Skills Levy will play an important role in stimulating greater take up of apprenticeships and other types of technical education, particularly among young people and SMEs.

## Higher education

The North East's Higher Education Institutions (HEIs) have a vital role to play in preparing students for technical and higher-level skilled jobs in the region's key growth sectors, as well as providing higher-level skills training for the current workforce. The Combined Authority will work closely with employers and the region's HEIs to ensure undergraduate and postgraduate programmes are focused on delivering the pipeline of highly skilled workers needed to drive innovation, productivity and growth in the key economic sectors prioritised in our Local Growth Plan. This includes ensuring that employers operating in the North East Investment Zone can access the highly skilled locally based talent they need to grow, in key sectors including offshore & renewable energy; electric vehicle and battery manufacturing; and low-carbon manufacturing, materials and research. We will also strengthen relationships between Further Education and HEIs to ensure more of our residents can progress into the higher-level skills programmes that will enable them to secure well paid jobs in our growth sectors.

**The North East's Higher Education Institutions (HEIs) have a vital role to play in preparing students for technical and higher-level skilled jobs in the region's key growth sectors.**

## Get Britain Working

Six key issues were identified in the Government's Get Britain Working White Paper:

1. too many people are excluded from the labour market – especially those with health conditions, caring responsibilities or lower skill levels
2. too many young people leave school without essential skills or access to high-quality further learning, an apprenticeship or support to work so that they can thrive at the start of their career
3. too many people are stuck in insecure, poor quality and often low-paying work, which contributes to a weaker economy and also affects their health and wellbeing
4. too many women who care for their families still experience challenges staying in and progressing in work
5. too many employers cannot fill their vacancies due to labour and skills shortages, holding back economic growth, driving up reliance on overseas labour, and undermining living standards
6. there is too great a disparity in labour market outcomes between different places and for different groups of people

This New Deal for North East Workers provides the North East response to the Government's Local Get Britain Working Plan criteria, including how we will address these six key issues set out above.

## Skills England

Skills England will be formally established by Government in 2025 and will:

- form a coherent national picture of skills gaps and how they can be addressed, working closely with the Industrial Strategy Council and the Migration Advisory Committee
- unify the skills landscape to ensure the workforce is equipped with the skills needed to power economic growth, by bringing together Combined Authorities and other key local partners, large and small businesses, training providers and unions
- shape technical education to respond to skills needs, including identifying the training accessible via the Growth and Skills Levy
- advise on the highly trained workforce needed to deliver a clear, long-term plan for the future economy



### Shine: Good Employer Accreditation Programme

The North East CA aspires to become a good work region by inspiring employers to adopt and celebrate good work principles underpinned by Shine. Everyone deserves good employment. Shine will provide support for employers of all sizes to be recognised for their good work credentials, and to progress towards continuous improvement through a tiered assessment and reward system. Shine has been codesigned with employers and trades unions, aligns with regional priorities and reflects the expected changes to UK employment rights. The North East CA will use SHINE to ensure that employers, particularly small and micro employers, can access the knowledge and resources they need to develop good employment practices that lead to a more skilled and resilient business base and workforce, so paving the way to the creation of the good jobs of the future.

Shine firmly supports the ambition for the creation and sustaining of entrepreneurial communities ensuring that the North East is a cohesive, inclusive, and resilient region where everyone thrives and has the opportunity to contribute to the region's success.

### Local Skills Improvement Plan (LSIPs)

LSIPs offer a direct route for businesses to become more involved in the planning, design and delivery of local post-16 technical education and training. A new LSIP for the North East will be launched in the summer of 2026. The Department for Education will commission an Employer Representative Body (ERB) to develop and deliver the LSIP for the North East. As set out in the English Devolution white paper, the North East CA will have joint ownership of the LSIP model, alongside the ERB. The new North East LSIP will be developed in line with our New Deal for North East Workers and Local Growth Plan priorities and will provide employer insight to inform and shape the technical skills offer in our key sectors.

### Employment and Skills System

The North East has a well-established employment and skills system, including eight further education colleges, four universities, more than 100 vocational training and education providers, and hundreds of VCSE organisations offering community-based services helping residents to develop skills and overcome the barriers that prevent them from working. The region also boasts a variety of well-equipped, industry-led training facilities developing the skills needed by our key economic sectors. The region has strong foundations to build on and significant capability to address our employment and skills opportunities and challenges.





## The North East is home to 55,000 businesses providing 820,000 jobs

Our legacy of mining, shipbuilding and railways - has paved the way into new opportunities in advanced manufacturing and renewable energy generation, and in growth opportunities spanning from the life sciences to the digital and creative industries. Nissan produces about 1 in every 3 cars built in the UK, while Sage Group is the country's largest software company. We will work with our business community and the North East CA Business and Economy Board to create jobs and opportunities in every community across the North East. We will ensure people have the skills to access work and provide the right conditions for economic growth and opportunity across the region.



## Voluntary Community and Social Enterprise Sector

Our region is home to over 6,000 voluntary, community, and social enterprise (VCSE) sector organisations. These groups play a vital role in addressing local needs, especially for residents who may be overlooked by mainstream services. VCSE sector organisations bring immense value to our region - not only through the services they provide, but also through providing good work and fostering social connections. VCSE organisations often deliver more personalised support, thanks to their deep-rooted local knowledge and trusted relationships. They help public sector organisations extend services across large and diverse communities, improving access and equity. The sector can also engage volunteers, local networks, and assets in ways that other sectors often cannot. As trusted local connectors, they ensure that diverse voices are heard, and services are responsive to community needs.

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**VCSE organisations often deliver more personalised support, thanks to their deep-rooted local knowledge and trusted relationships.**

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# The difference we'll make and measuring success

We will focus on delivering four strategic priorities that will signal our economy, businesses, residents and communities are thriving through employment and skills. We will track the difference we're making by measuring progress towards these changes, through annual monitoring, reporting and evaluation.

 <b>1</b>	<b>Build a bigger, better skilled, and more diverse workforce</b>	<ul style="list-style-type: none"> <li>▪ Increase in total North East GVA</li> <li>▪ Increase in North East employment rate</li> <li>▪ Increase in GVA per employee</li> <li>▪ Increase in % of workforce qualified at Level 4 or above</li> <li>▪ Increase the diversity of the workforce – for example greater representation of women in our high growth sectors and men within the foundational economy</li> </ul>
 <b>2</b>	<b>Creating career pathways that enable employers to recruit and retain skilled staff</b>	<ul style="list-style-type: none"> <li>▪ Reduction in % of employers reporting skills shortages and skills gaps</li> <li>▪ Reduction in % of employers reporting unfilled vacancies</li> <li>▪ Increase apprenticeship and work experience opportunities</li> </ul>
 <b>3</b>	<b>Targeted support to improve employment rates for all residents</b>	<ul style="list-style-type: none"> <li>▪ Increase in employment for key target groups (people with health conditions &amp; disabilities; young people aged 16 to 24; care leavers; carers; women; black and minoritised ethnic communities)</li> <li>▪ Reduction in number of young people NEET (not in employment, education, training)</li> <li>▪ Reduction in economic inactivity</li> </ul>
 <b>4</b>	<b>Tackling barriers that prevent residents getting into and getting on at work</b>	<ul style="list-style-type: none"> <li>▪ Increase in % of North East workforce earning above the voluntary Living Wage</li> <li>▪ Increase in average household incomes including women, disabled and ethnic minority incomes</li> <li>▪ Reduction in number of children living in poverty</li> <li>▪ Increase in healthy life expectancy (average age)</li> </ul>

## Collaboration and partnership

Collaboration and partnership is at the heart of this work, reflected in the consultative approach to developing the strategy. Over a period of one year we have engaged all stakeholder groups with a role and interest in employment and skills in the North East, in a conversation about the opportunities and challenges we face, and our shared ambitions for the future. Through this collaborative approach we have shaped the priorities and actions in the New Deal for North East Workers.

Partners	Contributions	Benefits
Employment support providers	<ul style="list-style-type: none"> <li>Partnership and collaboration with other providers, creating a universal support service, and minimising duplication and inefficiency</li> <li>Services tailored to the needs of individuals and employers</li> <li>Referral to the best organisation to meet individual needs</li> <li>Access to one-to-one support / personal advisor</li> <li>In-work support to help people sustain employment</li> <li>Additional resources to help employers recruit and retain staff</li> <li>Additional resources for schools and colleges to improve careers guidance</li> <li>Investment in delivery of high-quality support services</li> </ul>	<ul style="list-style-type: none"> <li>A more stable, longer-term funding environment</li> <li>Reduced staff turnover / retention of skilled employment support staff</li> <li>A highly visible front door providing local accessible entry points, with more local people engaging with employment support services</li> <li>More employers creating job opportunities</li> <li>More people achieving positive and sustained employment outcomes</li> </ul>

Partners	Contributions	Benefits
<b>Education and skills providers</b> <b>(Schools, colleges, universities, training providers)</b>	<ul style="list-style-type: none"> <li>Focus on employment and careers from an early age</li> <li>Ensure all young people understand and are prepared for future career opportunities and the world of work</li> <li>Deliver the full range of basic, technical, and higher-level skills programmes aligned to the needs of employers and the region's key economic sectors</li> <li>Support people of all ages and backgrounds to develop core work behaviours</li> <li>Work with employers to provide practical experience of the world of work, including visits, placements, talks</li> <li>Provide high-quality staff and facilities to deliver effective skills programmes</li> <li>Invest mainstream budgets and funding in education and training programmes that match the needs of residents, employers and the region's economy</li> </ul>	<ul style="list-style-type: none"> <li>A more stable, longer-term funding environment</li> <li>Reduced staff turnover / retention of skilled trainers and lecturers</li> <li>A highly visible front door providing local accessible entry points, with more local people engaging in skills and education services</li> <li>Increased engagement with employers to provide work placements and experience</li> <li>Support to boost delivery capacity and improve facilities</li> <li>More students progressing from school / college / training / university into positive employment outcomes</li> <li>More employees engaging in training and skills development to boost their career prospects and access higher skilled, higher paid jobs</li> </ul>
<b>VCSE and other specialist support providers</b>	<ul style="list-style-type: none"> <li>Specialist skills, knowledge and track record in supporting people with specific or complex challenges, including physical or mental health, disabled, housing, financial exclusion, substance misuse or caring responsibilities</li> <li>Tailored support to meet the specific needs and challenges of each individual and to remove their barriers to progress</li> <li>Networks, reputation and trusted relationships, helping to engage more people from disadvantaged and excluded groups in employment and skills support</li> <li>Ensuring community voices are heard and their views are represented in service development and delivery</li> </ul>	<ul style="list-style-type: none"> <li>A highly visible front door, with signposting encouraging more people to engage with VCSE and specialist services</li> <li>A more stable, longer-term funding environment</li> <li>Increased job security and retention of skilled staff</li> <li>More progression opportunities for clients, into training, work experience, volunteering, and employment</li> </ul>

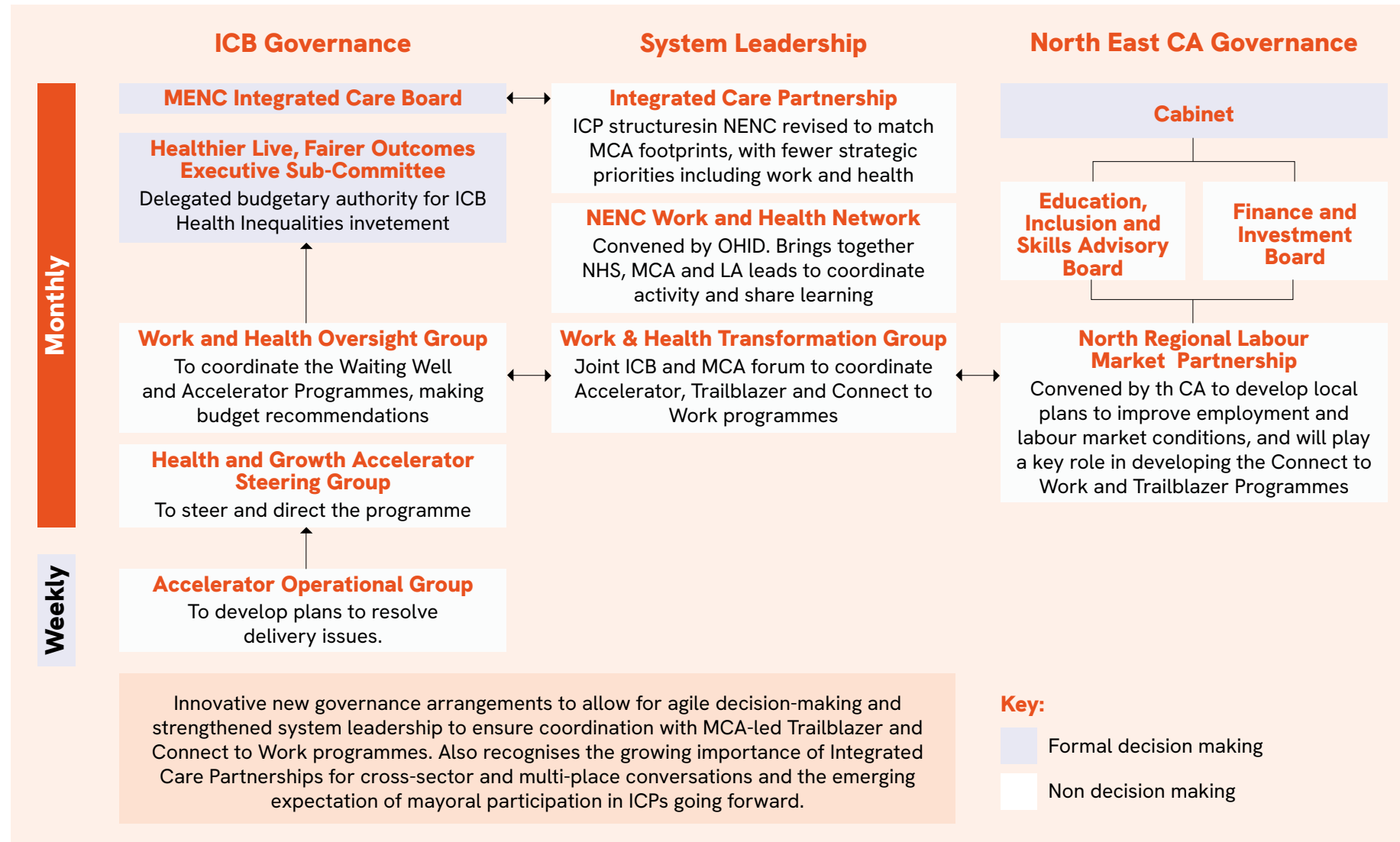


Partners	Contributions	Benefits
NHS North East and North Cumbria Integrated Care Board	<ul style="list-style-type: none"> <li>▪ Lead organisation for the Health and Growth Accelerator Programme</li> <li>▪ Responsible body for the Integrated Care Partnership, and the development of the Integrated Care Strategy</li> <li>▪ System convening role for population health needs assessment and management and health service improvement</li> <li>▪ Commissioning relationship with Primary and Secondary Care providers</li> <li>▪ Coordinator of the Healthier Lives, Fairer Outcomes programme, jointly led with Local Authority Public Health</li> <li>▪ Commissioner of Waiting Well prehabilitation services</li> <li>▪ Coordinator of NHS Anchor Institution Network</li> <li>▪ Co-convenor of the North East Work and Health Partnership</li> <li>▪ Coordinator of the ICB VCSE Partnership Programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reducing health-related inactivity through early intervention and targeted support</li> <li>▪ Tackling health inequalities in both outcomes and access to services</li> <li>▪ System coordination role in reducing waiting times for NHS services</li> <li>▪ Convening role to increase the NHS contribution to local employment and economic growth</li> </ul>

Partners	Contributions	Benefits
<p><b>Government - Department for Work and Pensions (DWP), the Department for Health and Social Care (DHSC), the Department for Education (DfE)</b></p>	<p><b>DWP and DHSC</b></p> <ul style="list-style-type: none"> <li>▪ Joint Strategic Employment Framework (DWP / North East CA)</li> <li>▪ Strategic oversight of Government policy and programmes</li> <li>▪ New National Jobs and Careers Service</li> <li>▪ Investing mainstream budgets and funding in employment support, work and health programmes, and CEIAG services</li> <li>▪ Working with the North East CA and North East partners to deliver integrated work and health programmes (e.g. Connect to Work; NHS Health and Growth Accelerator)</li> <li>▪ New Deal for North East Workers setting out the North East's response to the Get Britain Working Plan priorities</li> </ul> <p><b>DfE</b></p> <ul style="list-style-type: none"> <li>▪ Strategic oversight of Government policy and programmes</li> <li>▪ Supporting reform of the UK and North East skills and education system</li> <li>▪ Funding mainstream skills and education programmes for 16 to 19-year-olds and for adults, including some programmes devolved to the North East CA</li> <li>▪ Establishing Skills England</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunity to provide additional locally commissioned support to residents, in collaboration with North East partners</li> <li>▪ Integration of employment support, skills, and health services, supporting more residents with health conditions and disabilities to get into work and sustain jobs</li> <li>▪ More benefit claimants progressing into sustainable jobs</li> </ul> <ul style="list-style-type: none"> <li>▪ Improved outcomes delivered by North East skills and education providers</li> <li>▪ More young people making successful transitions from education into employment</li> <li>▪ Reduction in number of young people NEET in the North East</li> <li>▪ More adults developing the skills needed by employers</li> </ul>

# Governance

## North East CA and North East and North Cumbria ICB Governance Structure



## Glossary:

<b>Active workforce</b>	People aged 16+ in paid employment and contributing to economic activity.
<b>Adult Skills Fund (ASF)</b>	Fund to support adult learners to gain skills leading to meaningful and sustained employment or enable progress into further employment focused learning.
<b>Basic skills</b>	The minimum core skills needed to be an effective employee and to progress at work, including literacy, numeracy, digital, and English language skills.
<b>Child poverty</b>	Children being brought up in families that do not have enough money to buy the things the household needs and to participate fully in society
<b>Doubly disadvantaged areas</b>	Those that face both high material deprivation and low levels of social assets (like community centres) and connectivity
<b>Economic inactivity</b>	Economically inactive individuals are those aged 16-64 who are not in work and are not actively seeking work (unlike unemployed individuals who are actively seeking work).

<b>Employment and skills support</b>	Programmes, activities and services to help people get a job, return to work, sustain employment, upskill, and progress their careers, and to help employers recruit and retain staff and develop their workforce.
<b>Foundational economy</b>	The sectors and jobs that provide the foundations of everyday life including health, social care and childcare, education, transport, construction, utilities, and retail.
<b>Good Jobs</b>	Secure jobs with decent pay and opportunities for development and career progression.
<b>Higher level skills</b>	Skills and qualifications at level 4 and above including advanced learning for technical and professional occupations, and management roles.
<b>Human Capital</b>	Refers to the economic value of an individual's skills, knowledge, experience and attributes that contribute to their ability to perform work.
<b>Inclusive economic growth</b>	Economic growth that aims to increase wealth while tackling inequality and raising living standards for everyone.



<b>Local Growth Plan</b>	Local plans, aligned with the UK's national industrial strategy, developed by Mayoral Combined Authorities setting out how they will support growth and productivity in the local economy.
<b>Local Skills Improvement Plan</b>	A plan developed by an employer representative body (ERB) for a specific geographic area, setting out employers' skills needs, and the priority changes required to ensure skills provision is responsive to local labour market needs.
<b>Lower Layer Super Output Areas (LSOA)</b>	Areas with an average population of 1500 people or 650 households. They are used for data analysis and reporting
<b>Skills</b>	The knowledge, competencies, proficiencies and experience required to access and sustain employment and to competently fulfil the requirements of a job role.
<b>Skills gap</b>	The gap between the skills and knowledge an employer wants or needs its current employees to provide, and the skills and knowledge that employees currently possess.

<b>Skills mismatch</b>	A disconnect between the skills sought by employers and those possessed by individuals.
<b>Skills shortage</b>	A situation in which employers cannot recruit suitably qualified candidates for a given job vacancy because the total demand in the labour market for the skills required exceeds the supply of potential employees possessing those skills.
<b>Social Value</b>	Policy and practice focused on securing wider social, economic and environmental benefits through the provision and commissioning of goods and services.
<b>Technical skills</b>	Practical skills and know-how needed to perform a specific technical task or job role.

## **Appendix 2**

### **Guidance for Developing local Get Britain Working plans (England)**

This guidance provides information on local Get Britain Working plans [to be branded 'Get [place] Working plans'] for strategic authorities, local authorities, local Jobcentre Plus, and Integrated Care Boards. It should also be read by other key local labour market stakeholders.

This guidance covers:

The strategic context and the challenges that local Get Britain Working plans will help address

- The aims and objectives of the plans, including how they will identify local challenges, ensure collective agreement of actions needed to remedy these issues, and how they monitor progress of local challenges with relevant outcome indicators
- Who should be involved in the creation of the plans, and over what geographies
- How areas should develop their plans, and the timeframes for this
- What content the plans should cover
- The relationship to other local plans and strategies
- The funding and support that DWP will provide areas to develop their plans

This guidance is for England only. As outlined in the Get Britain Working White Paper, DWP will be working closely with the Scottish and Welsh Governments and the Northern Ireland Executive to maximise positive outcomes and learning across the UK. This collaboration will respect devolution settlements and arrangements for partnership working.

## **Introduction**

Local Get Britain Working plans are central to the Government's ambition for a thriving labour market where everyone has the opportunity for good work and to get on in work and where we achieve the ambition of an 80% employment rate.

Local Get Britain Working plans will do this by tackling the six key issues identified in the Get Britain Working White Paper:

- too many people are excluded from the labour market – especially those with health conditions, caring responsibilities or lower skill levels
- too many young people leave school without essential skills or access to high-quality further learning, an apprenticeship or support to work so that they can thrive at the start of their career
- too many people are stuck in insecure, poor quality and often low-paying work, which contributes to a weaker economy and also affects their health and wellbeing
- too many women who care for their families still experience challenges staying in and progressing in work
- too many employers cannot fill their vacancies due to labour and skills shortages, holding back economic growth, driving up reliance on overseas labour, and undermining living standards there is
- too great a disparity in labour market outcomes between different places and for different groups of people

Local Get Britain Working plans will identify local labour market challenges and show how local areas are tackling these challenges. They will show how an area is contributing to economic growth, the ambition of an 80% UK employment rate, and wider Get Britain Working outcomes metrics.

Local Get Britain Working plans will support other local strategies, and plans, including Local Growth Plans, Local Skills Improvement Plans and other health and work Strategies.

The Get Britain Working White Paper set out proposals to transform Jobcentre Plus across Great Britain into a Jobs and Careers Service. This transformation will bring it together with the National Careers Service in England and focus on three core objectives to improve engagement, employment and earnings.

A key purpose of local Get Britain Working plans will therefore be to support integration of Jobcentre Plus / Jobs and Careers Service services into local areas. In addition, DWP will take these plans into consideration nationally and locally for future employment support policy design and development.

Local Get Britain Working plans will also support local government partners, key stakeholders and wider public services, including the NHS and DWP, to manage and align current provision and to inform decisions on future commissioning, activity and support.

### **Overview of local Get Britain Working plans**

Local Get Britain Working plans are intended to develop a whole system approach to tackling the supply and demand side challenges within local labour markets.

In line with the scope for the Get Britain Working White Paper, local areas are asked to cover labour market issues related to participation, progression, earnings and job quality in the labour market. Areas should set ambitious outcome indicators in line which align with the Get Britain Working outcome metrics.

Local Get Britain Working plans will bring stakeholders together to ensure a unified understanding of local priorities and challenges, and what services and organisations are currently doing to address these.

Local areas must draw from across the local system to develop a local plan of action and agree how partners will work together to review progress against their local plan and associated outcome indicators such as the local employment rate.

In mayoral authorities, local Get Britain Working plans should be guided by and support the regional objectives set out in their Local Growth Plan. In all areas local Get Britain Working plans should set out the ambition for the next 10 years alongside more immediate goals and actions. Local areas are encouraged to review their plans regularly.

Local Get Britain Working plans should include:

- details of the governance processes related to sign-off and how the partnership have and will continue to be involved
- detail of how wider stakeholders have and will continue to be engaged
- analysis of key local labour market challenges and drivers for different groups of people across the economy, ensuring collective agreement on these key local issues
- a clear plan of action for how partners will work together to develop support and services that address local priorities, improve local outcome indicators in line with Get Britain Working outcome metrics

- an overview of the current landscape of support (for individuals and employers) and the differing responsibilities and contributions of different stakeholders
- actions for the next 12-24 months and steps towards achieving longer-term objectives

We recognise the full scope of this ambition may not be possible in all areas. In such cases local areas are asked to prioritise key aspects of the plan with a view to meeting requirements outline above over time. These key aspects are:

- establishing the formal governance arrangements
- agreeing ways of working with partners
- analysing economic inactivity data and causes
- mapping existing provision for inactive cohorts
- identifying any duplication, gaps, and opportunities for future action

### **How DWP will support the development of local Get Britain Working plans**

DWP will provide funding to support the development of local Get Britain Working plans. DWP will provide all accountable bodies £100k to cover the costs of developing plans (except in inactivity Trailblazer areas where funding for Plan development has already been provided).

It is recognised that development costs will be greater where plans are being developed across multiple local authority boundaries. In recognition of this, we will provide a further £25k per additional upper-tier or unitary local authority in non-devolution areas.

In addition to development funding, DWP will give accountable bodies and local areas access to non-financial resource. This will include support from local Jobcentre Plus and central DWP support such as:

- advice on data sources to support analysis of economic inactivity
- 'cluster analysis' to categorise local authorities into 'labour market types', based on key labour market variables, rather than geographic location<sup>[footnote 2]</sup>
- provision of templates for local Get Britain Working plans (where needed)
- convening partnerships on behalf of local authorities (where required and requested)

### **DWP led webinars**

Jobcentre Plus / Jobs and Careers Service operational leaders will support local plans by ensuring that available resource and provision is channelled at issues identified in the local Get Britain Working plan.

Recognising the scale of the challenge that ill-health poses as a contributor to rising economic inactivity, support of health leadership will also be crucial to Plans. Integrated Care Partnerships will offer a key leadership forum for the accountable body to engage with health and social care stakeholders at the system level.

The degree of support that areas will require from DWP will vary, and areas will not be compelled to utilise any of the support that DWP offers (e.g. while areas are free to use the local Get Britain Working plan templates provided by DWP, they are not required to do so).

### **Scope of local Get Britain Working Plans**

All areas of England will be asked to develop local Get Britain Working plans. These plans will operate over strategic geographies consisting of strategic authorities and Connect to Work delivery area geographies elsewhere. Where an area becomes a strategic authority,



the plan(s) should be updated with a single plan within an appropriate timescale.

We recognise that due to local government reorganisation, plans to extend the number of devolution agreements, and reform to Local Skills Improvement Plan areas, local governance is subject to change. With agreement from DWP, areas may choose to develop plans over broader geographies (for example to align with future devolution agreements or Integrated Care Board areas) but not smaller geographies. Areas which are part of the Devolution Priority Programme are particularly encouraged to consider a joint plan. Any changes should not result in an existing Connect to Work delivery area being split across different areas.

Alignment with Integrated Care Board and Local Skills Improvement Plan geographies is encouraged where possible. Co-terminus boundaries may support greater local system integration, and the ability to share some governance, analysis, and engagement processes with common stakeholders.

Where local Get Britain Working plan and Integrated Care Board geographies are co terminus, local areas may choose to produce a single plan. This plan should meet the requirements of both the local Get Britain Working plan and the Work and Health strategy. Alternatively, areas may choose to supplement existing Work and Health strategies or local Get Britain Working plans to meet the requirements.

### **The local governance arrangements required and how the plans should be agreed**

Each local area will have an accountable body responsible for leading the development of local Get Britain Working plans working with other upper-tier and local authorities within the area, Jobcentre Plus and the Integrated Care Board(s). Strategic authorities will be the accountable body in areas with a devolution agreement. In areas without a devolution agreement the accountable body will be an upper tier or unitary local authority within the area.

Where plans are being developed across areas which include more than one unitary or upper-tier authority, one local authority should act as the accountable body for the purpose of convening partnerships and managing financial costs / reimbursement of costs associated with the development of plans.

It is expected that the accountable body for local Get Britain Working plans will be the same as the accountable body for Connect to Work. Where local areas do not think this is appropriate, a change to the accountable body may be agreed in consultation with DWP. To seek agreement for such a change, local areas should submit a written request to [gbw.plans@dwp.gov.uk](mailto:gbw.plans@dwp.gov.uk). If a change is agreed upon, it will be the responsibility of the local area to transfer any funding received to the newly agreed accountable body.

In non-devolution agreement areas, regardless of whom is the accountable body and whom is a constituent authority, all upper-tier and unitary local authorities will be expected to be involved in the development and approval of plans.

Local Get Britain Working plans should also be jointly agreed by members of the partnership as the plans are developed and should include sign-off from Integrated Care Board and Jobcentre Plus representatives, and any constituent upper-tier or unitary authorities prior to publication.

### **The timeframe for the development of plans**

It is recognised that areas are at differing stages and while some areas will be able to publish comprehensive plans, for other areas the process may be more iterative. Where feasible, areas are asked to publish their local Get Britain Working plans by July 2025 once

completed and agreed locally in accordance with the requirements set out above where possible.

Where areas are unable to publish their local Get Britain Working plans before July, they should submit to DWP an initial summary of their proposals for local Get Britain Working plans using the template DWP will provide no later than 27th June 2025. This should be approved by the relevant Integrated Care Board(s) and Jobcentre Plus / Jobs and Careers Service representatives. In non-mayoral strategic authorities, it should also be agreed by all upper-tier and unitary authorities within the delivery area.

As a minimum all areas are expected to have initial plans covering inactivity completed and published by September 2025. Individual plans should be branded as 'Get [Place] Working plans', for example 'Get Cumbria Working'.

In all areas we expect plans and progress against agreed actions to be updated at appropriate junctures including following major fiscal events and changes to significant programmes. This includes locally delivered provision (such as UK Shared Prosperity Fund and Connect to Work, or national provision), when areas become a strategic authority, or following significant local economic changes.

While plans do not need to be signed off by nationally by DWP, we would welcome the opportunity to input and to provide feedback where helpful. Areas should submit plans to: [gbw.plans@dwp.gov.uk](mailto:gbw.plans@dwp.gov.uk) a minimum of two weeks ahead of publication.

### **What local Get Britain working plans should cover**

We would like local areas to develop detailed plans that address the challenges related to labour force participation (employment, unemployment and economic inactivity) and progression in work. However, we recognise that the full scope of this ambition may not be possible in all areas. Where this is the case, local areas are asked to prioritise focusing on addressing economic inactivity at the local level, with a view to expanding the scope of the plan over time.

There is no set format for these plans and areas have the flexibility to develop plans in a way which will have the maximum impact within their areas. However, there are some core elements which will be expected in all plans:

#### **Labour market analysis**

Analysis of the key challenges faced in the labour market across both labour market participation (employment, unemployment and economic inactivity) and progression at work (earnings and job quality). This should:

- include an assessment of which groups are most disadvantaged and the causes and impacts of this to the individual, the local economy, and local services
- incorporate any geographical areas where there are particular employment related challenges
- incorporate any geographical areas where there are specific economic challenges (for example around particular industries or demand side factors)
- be done through a combination of data analysis and local intelligence from frontline public services

Analysis should also include the employment demand within areas, as well as the supply, the vacancies available (including part-time and flexible vacancies), or lack of, and in what sectors, skills shortage areas etc.

Key groups will include disabled people, people with a health condition, disadvantaged

young people and older people, people with caring responsibilities (including parents and lone parents particularly where this supports the government's ambitions to reduce child poverty), and people who face multiple disadvantages (for example homelessness, ex-offenders, refugees, and care experienced).

### **Drivers and causes of supply and demand side labour market issues**

Conduct a thorough analysis and document the primary drivers and causes of economic inactivity within the region. This will include, but not be limited to, issues related to education, skills and health, as well as factors that may limit people's ability to access work like transport, housing, caring responsibilities (including childcare), and the availability, accessibility, and flexibility of jobs.

### **Current system and offer**

Detail the existing systems and support mechanisms available for the key groups and areas identified across organisations including through the health service, local government, and Jobcentre Plus. It should include services for economically inactive individuals with health conditions, and those who face other barriers including caring responsibilities, homelessness, alcohol and drug misuse, care experience, or ex-offenders. This assessment should also include:

- an assessment of current services and gaps
- how the current system looks from a citizen's perspective
- whether there is clarity on the currently available support offer
- the degree to which there is a coherent participant journey for individuals who face differing barriers to the labour market

The relevant organisations should support the accountable body by providing details on the relevant services they deliver to the accountable body. For example, Jobcentre Plus should provide information on its services and any local tailoring including any locally procured provision.

### **Working with partners**

Areas should outline the levers that different stakeholders can apply in addressing the challenges identified, and outline how stakeholders can collaborate to increase engagement with support, ensure provision is aligned and improve outcomes. Areas should consider what mechanisms need to be in place to ensure local partners can work collectively to address issues. They should also determine how these mechanisms will be instituted, potentially utilising any future investment or changes to existing funding streams.

### **Systemic changes**

Outline the changes which are required to local systems to improve outcomes and enhance the effectiveness of the system as a whole. This should include an assessment of current capacity and capability challenges of different stakeholders. It should also include details of and any structural issues which would need to be addressed to facilitate any future investment in inactivity.

### **Priority Actions and Longer-Term Goals**

Set ambitious yet achievable priorities for the next 12-24 months, which partners will work through collectively to achieve, and how these will be monitored and reported against at a local level, including through outcome indicators which should align with the Get Britain Working outcome metrics. Actions should align closely with key local priorities, such as in

Local Growth Plans, Local Skills Improvement Plans, and integrated care strategies. This alignment will help areas demonstrate how their local plans support broader ambitions to grow the local economy at both national and local levels. Where the relevant Local Growth Plan sets out a shared priority of health, skills, or inactivity this should be set out clearly in the local Get Britain Working plan.

### **Governance, local engagement, and future iterations**

Detail the governance arrangements in place locally which will maintain oversight of local Get Britain Working plans and which will support alignment with future initiatives and strategies across relevant stakeholders. Detail how wider local stakeholders were engaged pre and post development of the plans and how they will monitor their progression. Set out what at what period or in tandem with what events plans will be updated and the process in place for future iterations to be collectively agreed.

### **Who should be involved in the development of local Get Britain Working plans**

The factors that contribute to unemployment, economic inactivity and low earnings are diverse and any comprehensive understanding and response to the issue will require the insight and expertise of a wide range of local stakeholders.

The development of local Get Britain Working plans should therefore be overseen by a formal partnership of key local stakeholders alongside the accountable body and any constituent authorities in the local area. This must consist of a nominated lead from Integrated Care Board and Jobcentre Plus, and should include representation from:

- voluntary, community, and social enterprise organisations
- education and skills providers
- employer and business representative groups (it is recommended this includes representation from the Employer Representative Body responsible for the development and implementation of Local Skills Improvement Plans within that area)

In addition to the formal oversight provided by the partnership, local areas may wish to seek insights and input from wider local stakeholders. This may include local authorities with the current responsibility for delivering UK Shared Prosperity Fund, local academic institutions, social partners (including housing associations), Health and Wellbeing Boards, trade unions and citizen voices. Integrated Care Partnerships will offer a key leadership forum for engagement with a broad alliance of partners concerned with the care, health and wellbeing of the population.

Local partners should support lead local authorities for each place to develop their plans. The role of the partnership includes:

- providing intelligence on local labour market challenges
- identifying employment barriers faced by different groups and in different parts of the local Get Britain Working plan area
- identifying provision delivered through their organisations
- proposing interventions and promoting cross-sector collaboration
- identifying and addressing duplication and supporting synergies

### **Relationship of local Get Britain Working plans with other local plans**

Local Get Britain Working plans should draw on and be integrated with other relevant local work, health and skills plans. This includes Local Skills Improvement Plans. Areas are not expected to duplicate existing plans and can cross-reference existing local plans in the public domain.

Where a Local Growth Plan or other local growth or economic development strategy



identifies skills, health or inactivity as a priority for the area, the Get Britain Working plans should build on this priority to set out:

- which employment opportunities locally are key for increasing economic growth and the current barriers to reducing economic inactivity, increasing participation and progression in these jobs
- a clear plan for supporting people to take on these opportunities across the area, and how this will be embedded into a range of local services

Where relevant, areas should ensure objectives in their local Get Britain Working Plans align with the employment support outcomes of their integrated settlement outcomes framework as well as Get Britain Working Outcome metrics.

Where local areas have already developed their Connect to Work delivery plans, we encourage them to draw on Section 6 titled 'Developing an integrated support offer with strategic fit to local priorities', but this is not a requirement. Activity on local Get Britain Working plans should not come at the expense of any delays to the delivery of Connect to Work.

Leadership and capacity funding has been made available to Integrated Care Boards in both the 23/24 and 24/25 financial years. This funding will support integrated care systems with health, work and skills integration and strategy development. Accountable bodies should work with their relevant Integrated Care Boards to draw on these strategies and plans or support their development.

Inactivity Trailblazer areas and Youth Guarantee Trailblazer areas, are asked to publish a local Get Britain Working plan within the same timeframe as non-Trailblazer areas.

In WorkWell pilot areas accountable bodies should prioritise liaising with the relevant Integrated Care Board(s) as developing an integrated work and health strategy is one of the key objectives of the WorkWell pilot.

Lead authorities should engage with all lead UK Shared Prosperity Fund authorities within their area to ensure there is a joined-up plan for tackling local labour market challenges.

**Title:** Child Poverty Reduction (Action plan and programme 2025-2030)  
**Report of:** Charlotte Carpenter, Director of Education, Skills and Public Service Reform  
**Portfolio:** Home of Real Opportunity

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## **Report Summary**

This report sets out a £28m delivery plan to reduce child poverty across the North East Combined Authority area, designed in partnership with local authorities, the voluntary and community sector, businesses, public services and, significantly, families and young people.

The North East can be the best place to grow up, live and raise a family – but this is not the case for far too many people in our region. With one in three (120,000) babies, children and young people growing up poor across the North East CA area, poverty and hardship are limiting the life chances and outcomes of too many - and their ability to benefit from everything this region has to offer.

Mayor Kim McGuinness has made tackling child poverty her number one priority, and in September 2024 the North East CA Cabinet approved the establishment of the North East Mayor's Child Poverty Reduction Unit (CPRU). At that time, Cabinet endorsed the proposal to convene a regional Child Poverty Reduction Summit and to co-produce a long-term action plan in partnership with local authorities, the voluntary and community sector, and families and young people. This report represents the delivery of that commitment.

Following extensive engagement and evidence-gathering, the CPRU has developed a comprehensive five-year Child Poverty Action Plan (2025–2030). This plan sets out a bold programme of activity, serving as a strategic economic intervention, tackling poverty to unlock regional productivity and inclusive growth. At the heart of this plan are three groundbreaking test and learn pilots that will become the hallmarks of our regional approach to tackle child poverty. The accompanying investment proposal seeks Cabinet approval to launch the first phase of delivery, ensuring that the North East Combined Authority leads the way in tackling child poverty through targeted, evidence-led action.

The Child Poverty Action Plan is the result of deep engagement with local authorities, the voluntary and community sector, businesses, public services and, significantly, families and young people. A considered, coherent plan has been developed, making use of an innovative 'test and learn' approach and acknowledging a need to avoid duplication and bring additionality to current efforts across the system. Comprising some 36 interlinked projects and sub-projects, each element of the plan contributes to a strategic economic intervention designed to tackle child poverty and unlock inclusive regional growth.

## **Recommendations**

Cabinet is recommended to:

1. Endorse the Child Poverty Action Plan (2025–2030) as a strategic framework for regional collaboration and investment.
2. Approve the allocation of £28,630,608 for a four year delivery period from the NECA Investment Fund to deliver the Child Poverty Reduction Programme (2025–2029).
3. Delegate authority to the Director of Skills, Inclusion and Public Service Reform, in consultation with the Monitoring Officer and Chief Finance Officer, to approve commencement of procurement and grant-making arrangements necessary for programme delivery.
4. Delegate authority to the Chief Executive to award contracts and grants to deliver the programme in accordance with the North East CA procedures including the single assurance framework.

## **A. Context**

### **1. Background**

- 1.1. We know that the North East can be the best place to grow up, live and raise a family – but this is not the case for far too many people in our region. With one in three (120,000) babies, children and young people growing up poor across the NECA area, poverty and hardship are limiting the life chances and outcomes of too many - and their ability to benefit from everything this region has to offer. The work outlined in this paper represents a significant milestone in the commitment of our Mayor and Cabinet to create an infrastructure for opportunity across the North East which will benefit everyone who lives and works here.
- 1.2. The North East CA Corporate Plan outlines that our work is guided by five missions – the first of which is to make the North East the home of real opportunity, by investing in the foundations of our economy and removing the barriers that prevent people succeeding. The evidence is clear that these barriers include high rates of babies, children and young people growing up in poverty across all parts of our region – and that this is not just threatening good childhoods and limiting the potential of individual children and families; it is holding the whole of our region back.
- 1.3. As the Interim Local Growth Plan sets out – ‘if babies, children and young people growing up in the North East today are to be able to contribute to and access our region’s economic opportunities and benefit from future growth, we must tackle high rates of childhood poverty and hardship.’

### **2. Regional Child Poverty Action Plan 2025-2030**

- 2.1. In September 2024, Cabinet approved the establishment of the North East Child Poverty Reduction Unit (CPRU). At that time, Cabinet endorsed the proposal to convene a regional Child Poverty Reduction Summit and to co-produce a long-term action plan in partnership with local authorities, public sector, businesses and the voluntary and community sector, along with residents. This report represents the delivery of that commitment.
- 2.2. The regional child poverty action plan (Appendix 1) is a strategic economic intervention, which is not only fundamental to delivering on our first mission, it is essential to ensuring our region is able to play its full part in contributing to the UK’s economic growth. It also contributes to achieving our third mission, ensuring that the region is ‘Home to a growing and vibrant economy for all.’
- 2.3. It is acknowledged that much work is already underway across the region to tackle child poverty, led by local authorities, schools, VCSE organisations, businesses and others. The North East CA is acutely aware of the need to avoid duplication and are committed to working with the whole system to ensure this programme brings genuine additionality to enable collective impact across our region.
- 2.4. National policy and spending decisions will make the biggest difference to bringing down child poverty rates both in the North East and across the country. Advocating for national policy changes and investment that will make a difference to our region, alongside pressing for further devolved powers to bolster our future Integrated Single Settlement and role as a Mayoral Strategic Authority, will consequently be an important part of work on this issue.
- 2.5. This action plan and proposed investment also assures Government of the readiness as a region to test any new approaches or interventions planned as part of the national child poverty strategy which is due to be published in Autumn.
- 2.6. This ambitious, evidence-informed plan sets out the Combined Authority’s determination to use the collective levers and resources available here in the North East to prevent and reduce child poverty. This represents a significant investment, from the very earliest stages, in the single most important asset as a region: our people.
- 2.7. The action plan is translated into 36 projects and sub-projects which the North East CA intends to deliver by 2030, most of which leverage existing or planned investment. However, 14 require specific investment of £28,630,608 from North East CA Investment Fund and would be led predominantly by the child poverty team within the Education, Skills and Public Service Reform directorate.

- 2.8. This work takes an innovative 'test and learn' approach, with each element designed to contribute to the overarching strategic economic intervention. This approach has been commended in the external appraisal of the full Child Poverty Action Plan Business Case.
- 2.9. At the heart of the plan are three groundbreaking test and learn pilots that will become the hallmarks of the regional approach to tackle child poverty. These location-based pilots: a North East Health in Pregnancy Grant supporting expectant mothers on low incomes in their third trimester; targeted provision of baby boxes for all first time families in receipt of Universal Credit; and a North East Youth Opportunities programme – represent a bold commitment to innovation, with potential to influence Government strategy and attract further funding.
- 2.10. An inherent risk of any funding programme is one of potential downstream liabilities, particularly where new services or interventions are piloted. However, robust mitigation to manage this risk has been built into the programme design and includes: integration into existing systems; securing match funding; influencing structural change; and identifying appropriate step-off and transition points. Fundamentally, the programme has been designed to act as a catalyst encouraging wider regional participation and investment, which if successful, will extend the reach and impact significantly beyond the initial North East CA funding period.

### **3. Investment Proposal**

- 3.1. The regional action plan and proposed investment plan is a call-to-action for the region and a prospectus for change. The Combined Authority is determined to deliver it together, and it therefore sets out numerous opportunities for organisations across all sectors to join in what will be a collective endeavour. The Combined Authority will actively pursue commitments from other organisations and individuals within and beyond the region – including philanthropists, funders, business, inward investors and anchor institutions – about how they too can help to fund and boost the scale and impact of this work.
- 3.2. As outlined above in paragraph 2.7, this proposal outlines the 14 projects and sub-projects, which require specific investment from the North East CA Investment Fund of £28,630,608 over a four-year delivery period. This work will predominantly be mobilised and overseen by the child poverty team within the Skills, Inclusion and Public Service Reform directorate.
- 3.3. Investing in the 14 projects identified will ensure the comprehensive execution of the Action Plan, enabling the CPRU to implement interventions that address both upstream and downstream challenges effectively. This investment will allow the CPRU to adopt a holistic, intersectional approach identified in the action plan as critical for maximising benefits to children. By providing both direct support and advisory services, underpinned by continuous strategic development, the region will see benefits accrue in the short and long term.
- 3.4. The investment will enable the region to gain short and long-term benefits as outlined in the business case; improving family environments for children in poverty. These include better health, education, and - alongside the North East CA Shine Programme - employment outcomes.
- 3.5. The added value of complementary projects will be realised and the proposed programme of activity delivers against the key findings and areas of need outlined by the CPRU Action Plan and identified by the North East Child Poverty Commission.
- 3.6. The interventions and activities proposed are designed to be sustainable, whether through match funding, integration into existing systems, or by influencing wider structural change. The programme has been carefully shaped to ensure that its impact is proportionate to the timeframe and resources available, without creating expectations that extend beyond the current delivery period.
- 3.7. Projects will be co-developed with local authorities and delivered through a combination of collaboration with constituent local authorities, and commissioning and grant funding agreements with wider delivery partners, including voluntary and social enterprise sector organisations.
- 3.8. Stakeholder engagement and learning from earlier programmes suggests that the outlined programme is deliverable and the scale is appropriate given the timeframe for delivery.



## **B. Impact on North East Combined Authority Objectives**

1. The child poverty reduction programme, developed and overseen by the North East CPRU, demonstrably delivers on the North East CA's Mission 1: Home of real opportunity and the Combined Authority's interim local growth plan.
2. The Mayor's manifesto commits to lifting children in the North East out of poverty through a long-term, structural approach; proposing potential interventions such as leveraging different funding streams to maximise impact on child poverty; developing Sure Start-style children's services; and developing a Mayoral childcare grant. The projects within this investment proposal make good these commitments, delivering interventions which are co-developed, well evidenced and informed, complementary and supportive of existing and planned approaches in the region, and are designed to collectively reduce the level and depth of child poverty in the region, thus positively contributing to the ambitions of the Mayor and Cabinet.
3. The North East Devolution Deal commits to the continuation and expansion of the Child Poverty Prevention pilot, based on interventions to support poverty prevention in school, workplace, and family settings. The deal commits to undertaking this work with a wider coalition of partners and considering how best to capitalise on national activity and government programmes. This programme delivers these commitments and aligns with, and supports, the emerging work within Public Service Reform, Excellence in Education and Skills for Business.
4. This work will invest in the region's youngest residents, delivering an inclusive programme that creates a home of real opportunity, where all children and young people, regardless of their background, have equal opportunities to realise their potential and be part of the region's future success.

## **C. Key risks**

1. A key risk for any programme of work addressing the complex issue of poverty is the potential for duplication. This risk will be fully mitigated by ensuring the continuation of strong collaboration with constituent local authorities, VCSE organisations and other regional and national stakeholders on the overall programme and individual projects as they move into delivery. This will be achieved through the form and function of the CPRU itself, and via formal and informal governance and working groups which are well established or will be developed via this investment.
2. There are unique risks to each of the individual projects, these include the likelihood of changes to national schemes, market sufficiency, workforce availability, the availability of suitable training and employment opportunities for beneficiaries, accessibility of the intervention for communities, school, employer, and engagement. These risks and the appropriate mitigations are detailed within the full business case, and mitigations include governance and collaborative approaches, appropriate phasing of projects, contracting and grant funding approaches and robust relationship management.
3. The external appraisal of the investment case concluded that risk has been comprehensively and proactively considered throughout the programme's design, with a demonstrable preparedness and capability to manage risk across all aspects of delivery. Key risks have been mitigated through strong governance, collaborative delivery models and phased implementation. Each project includes tailored risk management strategies underpinned by robust oversight processes and relationship management. The programme incorporates step-off and transition points, ensuring financial and operational risks are contained.

## **D. Financial and other resources implications**

1. The financial profile for the programme is included below, the profiling reflects the phasing of projects within the four-year programme plan, with the majority of delivery commencing between January and September 2026, and all test and learn pilots completed by September 2027.

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
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North East CA Investment Fund Revenue	£2,522,103	£8,468,110	£7,576,338	£6,673,385	£3,390,671	£28,630,608
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2. This proposal does not rely upon achieving any match funding; however, the programme will be launched with an ambition for the region for each project. This is a call-to-action for match funding, co-funding, and in-kind donations across public, private and charitable sectors, to increase the reach and impact of projects within the proposal.
3. This 'regional ambition' and shared responsibility has been inherent throughout engagement and co-production of the regional action plan and members of the CPRU will drive forward the reach of this regional call-to-action.
4. Chief Executive, Director of Finance and Investment and SLT and have been consulted on this proposal, which forms part of the North East CA forward plan for investment, and is a key feature within the North East CA corporate plan.
5. This is a new programme which would be funded by the North East CA Investment Fund.

#### **E. Legal implications**

1. The monitoring officer has been consulted on this investment proposal.
2. Commissioning and grant funding will be undertaken in adherence with the Single Assurance Framework and North East CA procurement processes, in line with the governance arrangements outlined in the full business case.

#### **F. Equalities Implications**

1. The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.
2. The Child Poverty Reduction Programme will have specific positive impacts for groups experiencing protected characteristics, under the terms of the Equality Act 2010. Child poverty is a characteristic of socio-economic disadvantage and is highly correlated with single parent status, for example. Given the relationship between child poverty and in-work poverty, the Child Poverty Reduction Programme would specifically deliver the aims of the 2010 Equality Act: to advance equality of opportunity for all, especially for residents across the North East experiencing low pay/socio-economic disadvantage.
3. Consultation to date has identified specific groups who are more affected by poverty, and the projects will be designed to ensure that interventions are designed with these participants in mind, and barriers to engagement are reduced.
4. An intersectional, whole-family approach will be taken to how we implement the programme with partners across the North East – recognising that some localities face greater barriers to opportunity than others, and some families are more likely to experience, or be at risk of, poverty and financial hardship.
5. Projects will be targeted to reach those communities most in need by using the following approaches:
  - Careful design of interventions, through the lens of diverse communities
  - Careful targeting of interventions based on data and evidence
  - Further consultation with a wide range of groups
  - Explicit requirements within procurement specifications and grant funding calls

These approaches and selection criteria will be communicated to the delivery partners to ensure a standardised approach across the programme. The programme's impact on equalities will be evaluated annually, with an accompanying review of the equalities impact assessment (EIA).

## **G. Consultation and engagement**

1. The regional child poverty action plan has been developed in partnership with a broad range of cross-sector organisations and services across the region, parents, carers and young people – and there is a commitment to continuing to work closely with organisations, parents, carers and young people, to shape the implementation and evolution of this plan throughout the next five years.
2. As part of the broader child poverty reduction activities, work will be undertaken with the North East's youth sector, local authorities, schools, colleges and young people to establish a North East Youth Combined Authority – embedding youth voice into our work, including the future development and delivery of this action plan, and to inform wider engagement with young people across the region.
3. And, as part of the plans to establish a citizen engagement strategy – building on existing participation work and good practice across the North East – parents and carers will continue to inform the delivery of this plan as it is implemented and evolves.
4. An investment options appraisal has been completed with the North East Mayor and Senior Leadership Team and as part of the business case development process, there has been ongoing consultation with North East CA Senior Leaders and our constituent authorities. This includes Portfolio Advisory Board, Chief Executives, Economic Directors, Directors of Children's Services, Directors of Public Health, Assistant Directors of Education and poverty and social inclusion leads within each of our constituent authorities.

## **H. Appendices**

Appendix 1: Draft regional child poverty action plan

## **I. Background papers**

None

## **J. Contact officer(s)**

Joanna Unthank  
CPRU Delivery Lead  
[Joanna.unthank@northeast-ca.gov.uk](mailto:Joanna.unthank@northeast-ca.gov.uk)

Adrian Dougherty  
Assistant Director, Inclusive Futures  
[adrian.dougherty@northeast-ca.gov.uk](mailto:adrian.dougherty@northeast-ca.gov.uk)

## **K. Glossary**

CPRU	Child Poverty Reduction Unit
EIA	Equalities Impact Assessment
LA	Local Authority
NECA	North East Combined Authority



# NORTH EAST CHILD POVERTY ACTION PLAN

Tackling child poverty,  
creating real opportunity.





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For more information about this work and how you can support it, please contact [childpovertyreduction@northeast-ca.gov.uk](mailto:childpovertyreduction@northeast-ca.gov.uk)



Visual notes taken during our action plan engagement



# FOREWORD

It's no secret that the North East can be the best place in the world to grow up, to live and raise a family.

Yet this isn't the case for far too many babies, children and young people across our region, whose life chances and outcomes are being limited by financial hardship and all the obstacles this creates.

That's why I've made tackling child poverty my number one priority as Mayor – including by setting up our first-of-its-kind child poverty reduction unit, and kick-starting the development of this action plan – because it is simply not possible to achieve our mission of making the North East the home of real opportunity unless we do more to address this issue, together. Doing so is also central to ensuring our region can play its fullest part in contributing to the country's economic growth, both now and longer-term.

**THIS FIVE-YEAR CHILD POVERTY ACTION PLAN SETS OUT A VISION OF THE NORTH EAST BEING A PLACE WHERE EVERY BABY, CHILD AND YOUNG PERSON IS SUPPORTED TO THRIVE AND ACHIEVE THEIR POTENTIAL - REGARDLESS OF THEIR BACKGROUND, OR WHERE THEY LIVE.**

It has been developed in partnership with a broad range of cross-sector organisations, parents, carers and young people across our region – and we are incredibly grateful to all those who have shared their ideas, expertise, insights and valuable time to support this work.

The action plan is squarely focussed on what people have told us matters to communities throughout our region – from Berwick to Bishop Auckland, Hexham to Horden and the cities, towns and villages in between – and will build on and add value to the tireless work I know is already taking place every single day to support families and children across the North East.

**ALL OF THE ACTIVITY OUR PLAN SETS OUT ADDRESSES THREE KEY PRIORITIES, AND WILL BE DELIVERED WITH PARTNERS BASED ON LOCAL STRENGTHS AND NEEDS.**

Firstly, doing what we can together to support children and families here and now – including by helping more families to maximise their incomes. We have to reduce immediate levels of hardship in the North East, if parents, carers and young people are to be able to focus on their next steps and plan for the future.

We will also break down the barriers to opportunity that poverty can bring – including by collectively investing more in giving babies, children and young people the best start in life. There is absolutely no shortage of aspiration in our region, but we need to create more pathways to support young people and their families to achieve their goals.

And we will work to tackle longer-term, structural challenges for our region, to create the infrastructure of opportunity and help make work pay for more families – whether that's building a better transport network, providing more support with childcare costs, or transforming skills, employment and careers support for parents, carers and young people.

But we know we cannot achieve this vision – and address these priorities – alone, and this plan therefore also acts as a call to action to join us in what will be a collective, regional endeavour.

I am confident that we will step up to this challenge together, so that we can end the days where our children and region are held back by poverty.

**Kim McGuinness**  
North East Mayor



Mayor McGuinness at Newbiggin-by-the-Sea child poverty roundtable for local organisations

'Child poverty is not only damaging the development and future prospects of tens of thousands of children across our region, it is holding the whole of the North East back.

'Devolution presents us with a significant opportunity to prioritise tackling this issue together – and it is so important that this has been grasped by Mayor McGuinness, with an action plan that not only recognises the importance of collectively investing more in babies, children and young people, but sets out why this matters to the whole of our region.

'We are so pleased to have been able to help shape this work, alongside a broad coalition of organisations right across the region – and we look forward to continuing to work with the Mayor and North East Combined Authority as the action plan is implemented.'



**Beth Farhat**  
Chair, North East Child Poverty Commission

'Tackling child poverty is absolutely crucial if we are to break down barriers to opportunity and improve the life chances of every child across every part of our country.

'This task cannot be achieved by national Government alone, and I am proud to see the North East leading the way on addressing this issue at a regional level – driven forward by Mayor Kim McGuinness and her determination to both invest in children and families, and to bring together cross-sector partners in what has to be a collective endeavour.

'Doing this in a way that aligns and will add value to our work at a national level puts the North East Combined Authority area in a great position, and I look forward to continuing to work closely with Kim and regional partners on this issue.'



**Rt Hon Bridget Phillipson MP**  
Co-Chair, Ministerial Child Poverty Taskforce and Secretary of State for Education



# OUR PLAN ON A PAGE

## OUR VISION

The North East is a place where every baby, child and young person is supported to thrive and achieve their potential - regardless of their background or where they live.

## OUR STRATEGIC PRIORITIES:

### SUPPORTING FAMILIES HERE AND NOW

- doing what we can together to help families maximise their incomes.

### BREAKING DOWN THE BARRIERS TO OPPORTUNITY THAT POVERTY CAN BRING

- collectively investing more in giving babies, children and young people the best start in life.

### TACKLING LONGER-TERM, STRUCTURAL CHALLENGES

- including those which will help to make work pay, and create the infrastructure of opportunity, for more families.

## WHAT WE WILL DO:



Make childcare more affordable and accessible, through the **Mayor's childcare grant** and a **regional plan for childcare and early education**.



Create a new **North East health in pregnancy grant** and further roll out **baby boxes** to support new families.



Widen **opportunities for older young people** by expanding youth provision and access to year-round low and no-cost activities.



**Get more money into families' pockets** - supporting all to receive their entitlements through expanded advice and take-up campaigns.



Create a new **North East Fundamentals Fund**, to help ensure no child in the region goes without essentials.



**Create more and better jobs** that make work pay - through our **Local Growth Plan, SHINE scheme for employers** and **New Deal for North East Workers**.



Deliver a **joined-up, affordable, reliable and accessible transport network** that breaks down barriers to opportunity.



**Drive down the cost of education** including **free after school clubs** and work to ensure **equity and fairness in education** across the region through our **Excellence in Education** Programme.



Accelerate work to **create more affordable, warm and decent homes for families**.



Work to ensure more families have **access to affordable, healthy food in their communities**.



Support local community organisations through the **Mayor's Opportunity Fund** and **Flexible Social Finance Fund**.



Work to ensure all families can access the skills, equipment, data and support needed to be **digitally included**.



Expand **prevention-focused, joined-up support for families** through our work on public service reform.



Open up access to **our region's cultural and sporting opportunities**, and careers.



# INTRODUCTION

Our work as a Mayoral Combined Authority is guided by five missions – the first of which is to **make the North East the home of real opportunity**, by investing in the foundations of our economy and removing the barriers that prevent people succeeding.

The evidence is clear that these barriers include high rates of babies, children and young people growing up in poverty across all parts of our region – and that this is not just threatening good childhoods and limiting the potential of individual children and families; it is holding the whole of our region back.

This five-year (2025-30) child poverty action plan is therefore not only fundamental to delivering on our first mission – it is essential to ensuring our region is able to play its full part in contributing to the UK’s economic growth.

We know that national policy and spending decisions will make the biggest difference to bringing down child poverty rates both in the North East and across the country. Advocating for national policy changes and investment that will make a difference to our region, alongside pressing for further devolved powers to bolster our future Integrated Single Settlement and role as a Mayoral Strategic Authority, will therefore be an important part of our work on this issue.

We also look forward to this action plan being able to align and add value to the forthcoming national child poverty strategy – and we are willing and ready as a region to test any new approaches or interventions the Government may want to pilot before scaling up.

However, this ambitious, evidence-informed plan sets out our determination to use the collective levers and resources we have available here in the North East to prevent and reduce child poverty. This represents a significant investment, from the very earliest stages, in our single most important asset as a region: our people.

## OUR STRATEGIC PRIORITIES

Following extensive engagement with a broad range of cross-sector organisations, parents, carers, and young people across the region, all of the activity our plan sets out is focussed on **three strategic priorities**:

- **Supporting children and families here and now** – including by doing what we can together to help families maximise their incomes
- **Breaking down the barriers to opportunity that poverty can bring** – including by collectively investing more in giving babies, children and young people the best start in life
- **Tackling longer-term, structural challenges** – including those which will help to make work pay, and create the infrastructure of opportunity, for more families

Some of this work will be directly commissioned and funded by the North East Combined Authority through our first-of-its-kind child poverty reduction unit – and delivered locally in collaboration with a wide range of cross-sector partners, building on and enhancing existing activity. It will mean testing, learning, innovating and evaluating – and refining and adapting our interventions as they are implemented, with the action plan being refreshed each year of its lifetime.

Other activity involves ensuring child poverty reduction runs as a golden thread through every decision we take and investment we make across a range of policy areas, and leveraging different funding streams to maximise their impact.

Of course, tackling child poverty is everybody’s business and all of this work will involve organisations across the region stepping up and playing their part. We will therefore use our convening role to influence the activity and investment of other organisations and networks across the North East.



Mayor McGuinness with pupils and staff following a child poverty roundtable for local organisations at Our Lady of the Rosary Primary school, Peterlee

## OUR VISION

We know that the North East can be the best place in the world to grow up, live and raise a family – but this isn’t the case for far too many people in our region.

**Our vision is for the North East to be a place where every baby, child and young person is supported to thrive and achieve their potential – regardless of their background, or where they live.**

This plan is our call to action for the region and a prospectus for change. We are determined to deliver it together, and it therefore sets out numerous opportunities for organisations across all sectors to join us in what will be a collective endeavour.

**We will actively pursue commitments from other organisations and individuals within and beyond the region – including (but not limited to) philanthropists, funders, business, inward investors and our anchor institutions – on how they too will help to fund and enable this work.**



# WAYS OF WORKING

Our ways of working as an organisation will reflect the change we want to see – and will work in collaboration with others to deliver – across our region.

As a proudly accredited **Living Wage employer** and a **Mayoral Strategic Authority with an Integrated Financial Settlement** from 2026, we will ensure that the **socio-economic duty – alongside our commitment to reducing child poverty as part of our mission to make the North East the real home of opportunity** – shapes every investment decision we take, the design of our projects and programmes, and our processes such as procurement and recruitment.

We recognise our role as a commissioner within the region and the importance of **developing a strategic approach** with – and **longer-term funding and stability** for – the organisations who will help us to deliver this action plan, including those within the voluntary, community and social enterprise sector.

And, whilst this is a plan that will benefit the whole of our region, we will take an **intersectional, whole-family approach** to how we implement it with our partners across the North East – recognising that some localities face greater barriers to opportunity than others, and some families are more likely to experience, or be at risk of, poverty and financial hardship.

These include single parent families (the large majority of which are headed by women); those with children aged under 5; families where someone in the household (adult or child) has a disability; ‘larger’ families (with three or more children); families from minoritised ethnic groups (including those with no recourse to public funds); and families living in a rented home.

We also know that there are other groups of young people in our region who are more likely to experience barriers to opportunity, including young care leavers, young carers, and babies, children and young people living in kinship families.

Importantly, this plan has been developed in partnership with a broad range of cross-sector organisations and services across the region, parents, carers and young people – and **we commit to continuing to work closely with organisations, parents, carers and young people**, to shape the implementation and evolution of this plan throughout the next five years.

As part of this commitment, we will work with the North East’s youth sector, local authorities, schools, colleges and young people to **establish a North East Youth Combined Authority** – embedding youth voice into our work, including the future development and delivery of this action plan, and to inform our wider engagement with young people across the region. And, as part of our plans to establish a **citizen engagement strategy** – building on existing participation work and good practice across the North East – we will ensure that parents and carers continue to inform the delivery of this plan as it is implemented and evolves.



Child poverty summit hosted by Mayor McGuinness in Sunderland



# MEASURING PROGRESS

Whilst we know that national policy and spending decisions will make the biggest difference in reducing child poverty rates both in the North East and across the country, **we will monitor progress against a number of measures to ensure we are heading in the right direction together.**

We will need to see a meaningful improvement in these measures across all parts of our combined authority area, if we are **to achieve our overarching vision of making the North East a place where every baby, child and young person is supported to thrive and achieve their potential – regardless of their background, or where they live** (whilst fully recognising the extent to which even local authority-level figures can mask the picture for families at a neighbourhood level). We will also track our progress on these measures against the UK average.

- **Children living in relative poverty, after housing costs** – our headline measure
- **Children living in relative poverty, before housing costs** – to understand how housing costs are driving child poverty in different parts of our region
- **Children living in deep poverty and in very deep poverty, after housing costs**
- **Children living within ‘income deprived’ families on the Income Deprivation Affecting Children Index (IDACI)** – due to be updated in late 2025
- **Children living in food insecure households**
- **Children living in ‘workless’ and ‘long-term workless’ households**
- **‘Economic inactivity’ rates (working age people, aged 16-64)** – recognising that these figures can include students, parents with disabled children, people with health conditions and disabilities, and people with unpaid caring responsibilities
- **Young people (aged 16-24) not in education, employment or training**

At present, several of these measures are published for England at a regional (not combined authority) level, and **we will therefore press national Government and its agencies to address this data gap**, which currently makes it harder to provide a baseline for, and measure progress on, our work. We also know that there are concerns around the robustness of some of these datasets – including as a result of the way in which data is collected or recorded (or not) – and we will push too for this nationally-published information to be as reliable and comparable across regions as possible.

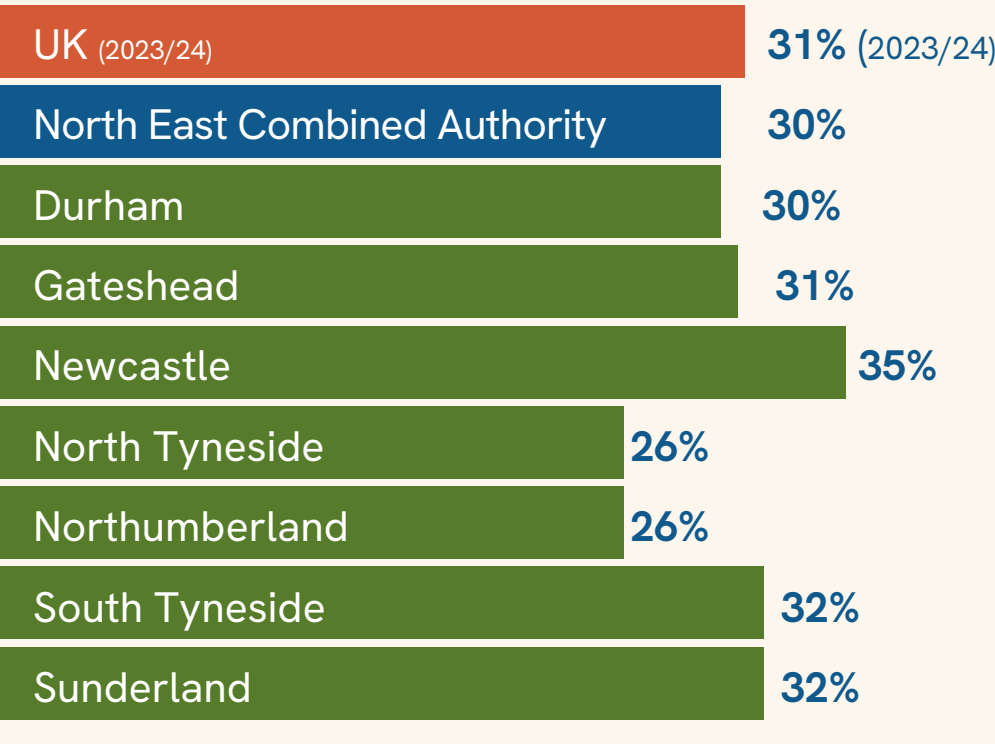
Given there can be a significant time-lag on several of these measures, **we will additionally work with national, regional and local partners to explore how we can make use of more real-time information** to understand and respond to what is happening now for North East families. This includes making better use of administrative data, and considering how the data that currently sits within a broad range of organisations across the North East – including those within the voluntary and community sector – can be shared.

And most importantly – as well measuring the number of people our action plan and investment reaches (recognising that this may look quite different in different parts of our region) – **we will focus on what families, children and young people tell us about the tangible difference our interventions have made to their living standards, opportunities, and plans for the future**, through our ongoing evaluation of this work.



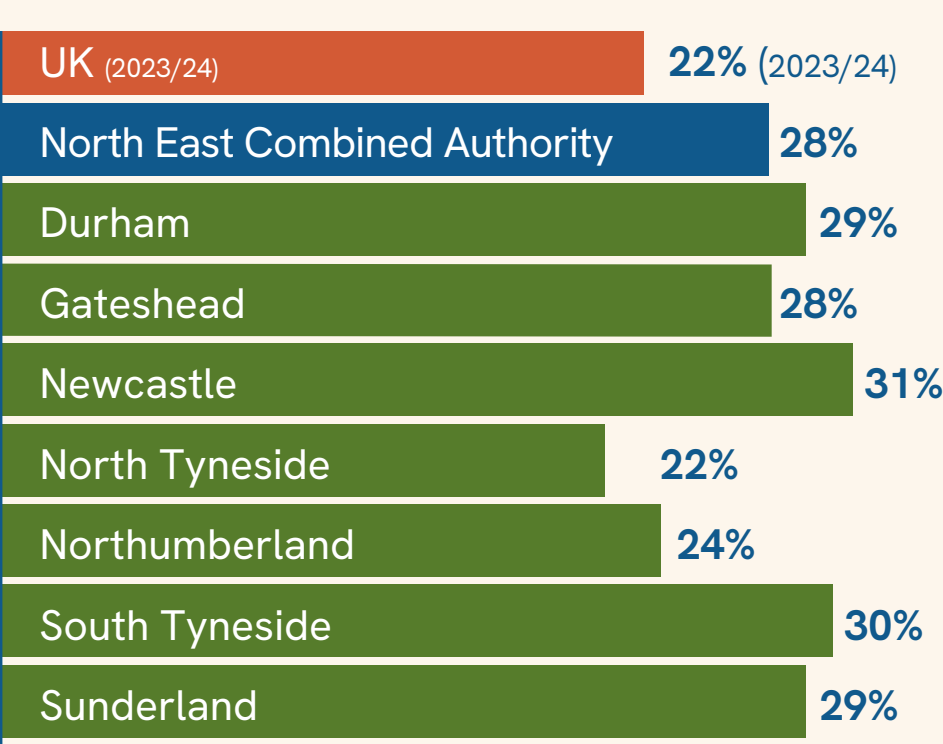
Visual notes taken during our action plan engagement

Children living in relative poverty, after housing costs



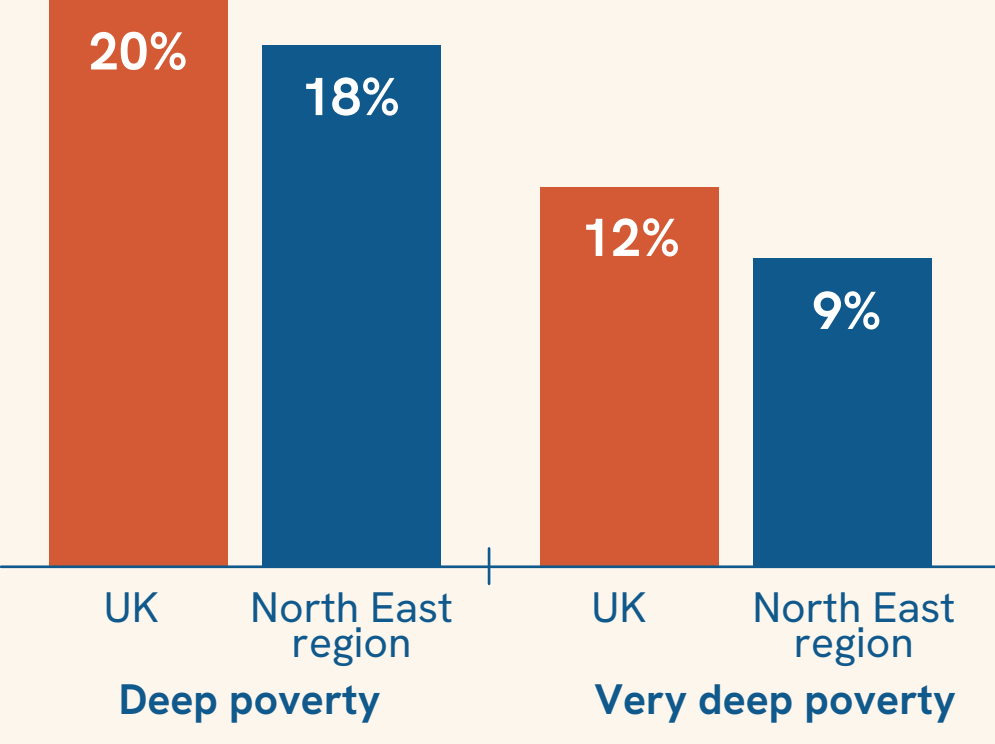
Source: HBAI 1995-2024 (DWP, 2025) and Local Child Poverty Statistics (End Child Poverty, 2025)

Children living in relative poverty, before housing costs



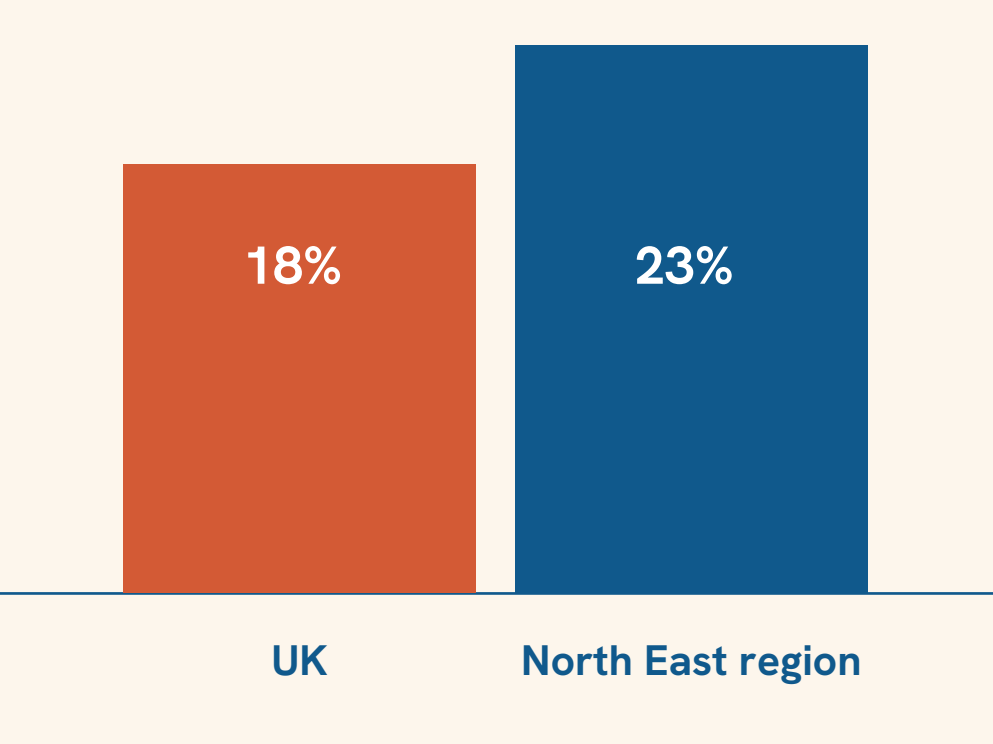
Source: CILIF 2014-2024 (DWP, 2025)

Children living in deep poverty and in very deep poverty, after housing costs (2021-24)



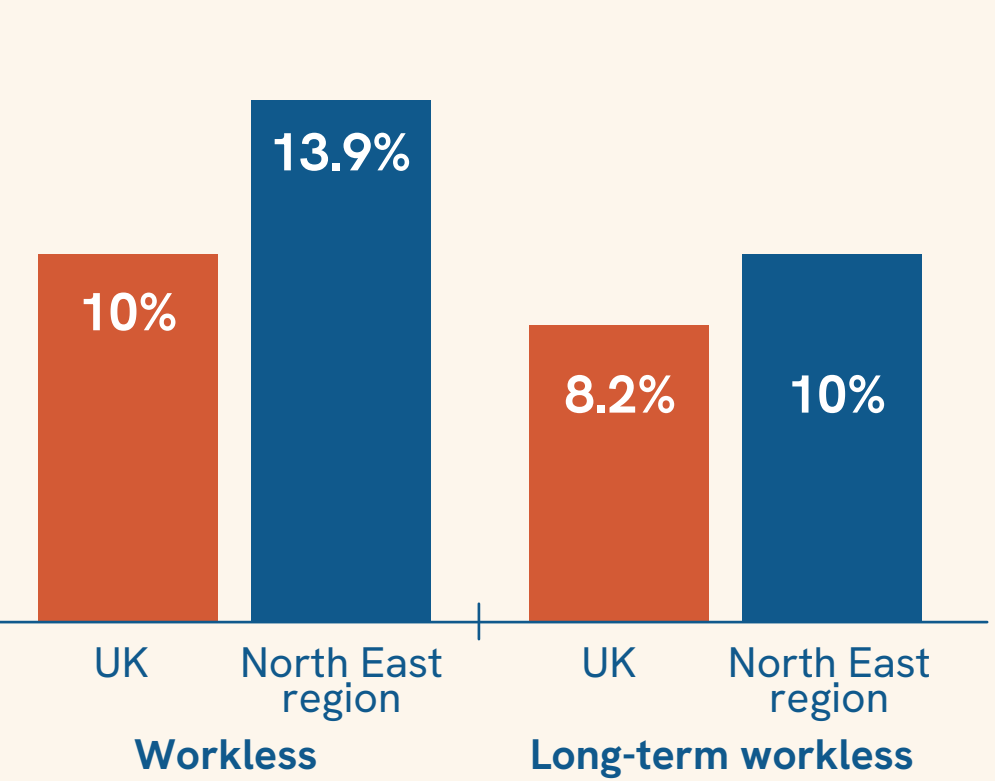
HBAI analysis undertaken by Joseph Rowntree Foundation for North East CA

Children living in food insecure households (2023/24)



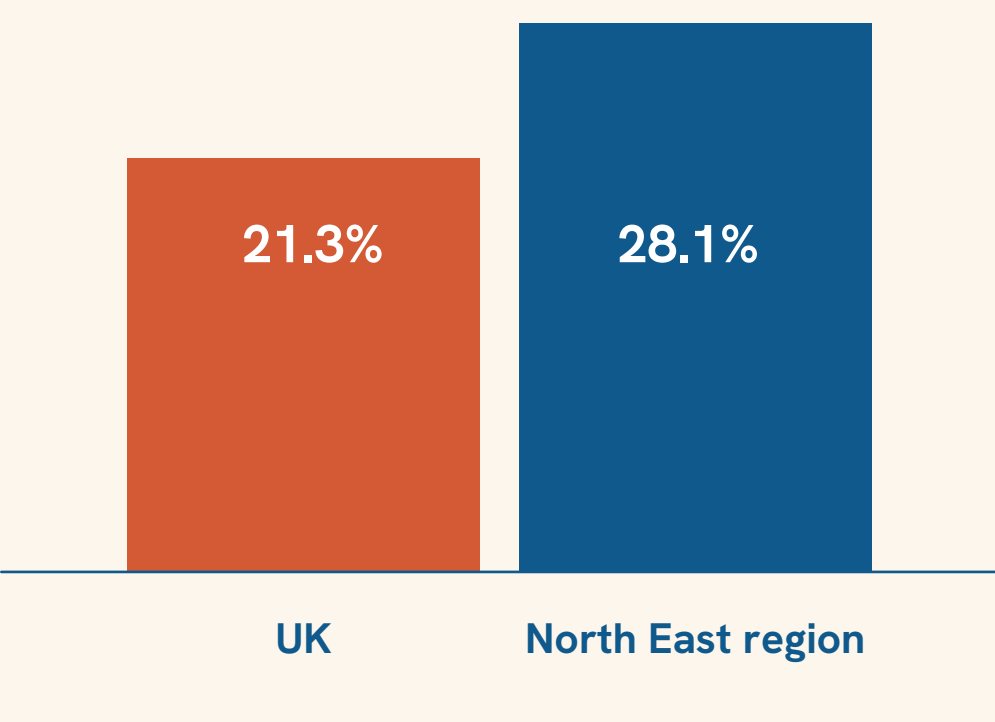
Source: HBAI 1995-2024 (DWP, 2025)

Children living in 'workless' and 'long-term workless' households (2023)



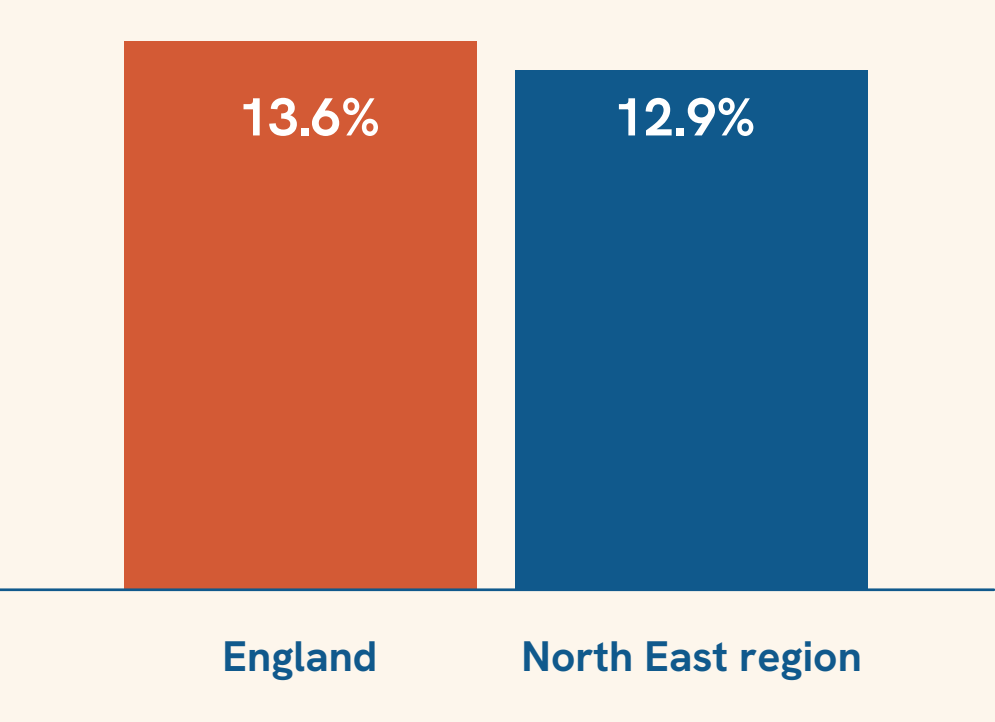
Children living in long-term workless households 2023 (ONS, 2024)

Economic inactivity rates, working age people, aged 16-64 (February to April 2025)



Source: Labour market in the regions of the UK, June 2025 (ONS, 2025)

Young people (16-24) not in education, employment or training (Q4 2024)



Source: NEET age 16 to 24 (DfE Explore Education Statistics, 2025)

We will need to see a meaningful improvement in these measures across all parts of our combined authority area, if we are to achieve our overarching vision of making the North East a place where every baby, child and young person is supported to thrive and achieve their potential – regardless of their background, or where they live. At present, several of these measures are published for England at a regional (not combined authority) level, and we will therefore press national Government and its agencies to address this data gap, which currently makes it harder to provide a baseline for, and measure progress on, our work.



# WHAT WE WILL DO

**Now and next:** These are the activities that will have a phased approach, with early delivery priorities followed by what we will achieve over the course of this plan.



## CHILDCARE AND EARLY YEARS

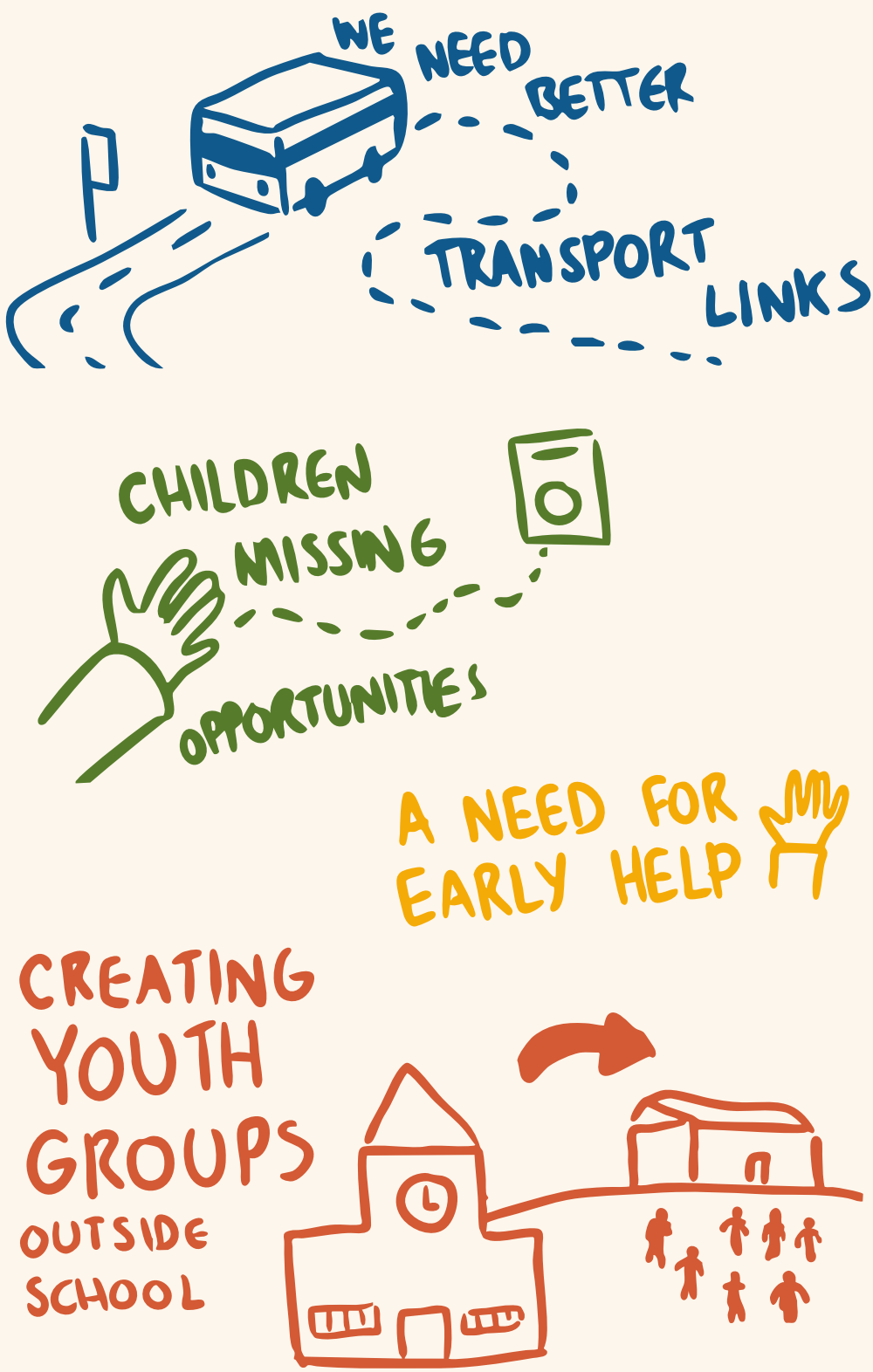
### Now (early delivery priorities)

Working with local authority partners, childcare settings and employment support providers, we are piloting the **Mayor's childcare grant**, to offer simplified support which reduces barriers to work, education and training for parents and carers, and supports children and families in a way that adds value to the existing childcare funding landscape. This initial pilot will have two strands: a local trial in County Durham prioritising single parent families with under-5s; and a region-wide trial supported by the Department for Work and Pensions-funded Economic Inactivity Trailblazer programme, for families with multiple barriers to work.

### Next (and by 2030)

Building on the learning from our initial pilot, we will work with local authority partners, childcare settings and employment support providers, to expand the **Mayor's childcare grant** to more parents and carers across the region, to support them to more easily access paid employment and training opportunities.

We will additionally work with early years settings, local authority partners, after-school and holiday club providers, training bodies, trade unions and others to develop a **regional childcare strategy** - a plan that builds on nationally-funded support and recognises the role of affordable, accessible, high quality and inclusive childcare/early education in giving every child the best start in life; as a critical piece of economic infrastructure, particularly for women; and the importance of growing and upskilling our early years workforce.



Visual notes taken during our action plan engagement



# TESTING NEW APPROACHES TO SUPPORTING FAMILIES

## Now (early delivery priorities)

We will fund and work closely with cross-sector partners – including public health and our region’s universities – to deliver and evaluate **three local test and learn pilots**, with a view to wider implementation as quickly as possible, and to securing the additional funding necessary for the expansion of this work (subject to any changes to national policy).



**Local pilot 1** – Working with partners, we will trial a **North East Health in Pregnancy grant** to support all expectant mothers in the area on low incomes/in receipt of Universal Credit with additional costs in their third trimester of pregnancy.

**Local pilot 2** – We will fund expanded provision of **baby boxes** to all first-time families in the area in receipt of Universal Credit or assessed as benefiting from this support, delivered through health and community partners.

**Local pilot 3** – Working with young people, the youth sector, schools, colleges, existing community-based providers, employers and other stakeholders, we will **expand specialist youth provision and access to year-round, low and no-cost activities for older young people** – including support which opens up pathways to future employment such as pre-apprenticeship training.

**Innovation activity** – In addition to our three local pilots, we will utilise new investment and capacity secured through external funding to test, learn and innovate, growing initiatives that make a difference and learning from ones that don’t.

## Next (and by 2030)

We will work with cross-sector partners to **secure the additional funding required to expand our three local test and learn pilots across the region** – building on the learning from these trials, and subject to any changes to national policy. We will additionally seek to scale up our externally-funded innovation activity.

We will also work with local, regional and national partners to **identify opportunities, and secure investment, for future local and regional pilots to take place in the North East**, with a view to wider implementation.



Visual notes taken during our action plan engagement



Child poverty summit hosted by Mayor McGuinness in Sunderland



# TRANSPORT

## Now (early delivery priorities)

We have extended the **£1 single fare for young people aged 21 and under on the bus, Metro and Ferry** (and the £3 daily cap on these modes, plus Northern Rail services between Blaydon and Sunderland) – as well as introducing a **£2.50 cap on adult single bus fares**, supporting parents and carers.

We will continue to support the year-round **Kids Go Free offer** on the Metro and Ferry, and the expansion of this offer to buses during the school holidays (where parents/carers with a valid ticket can take up to three children aged 11 and under for free).

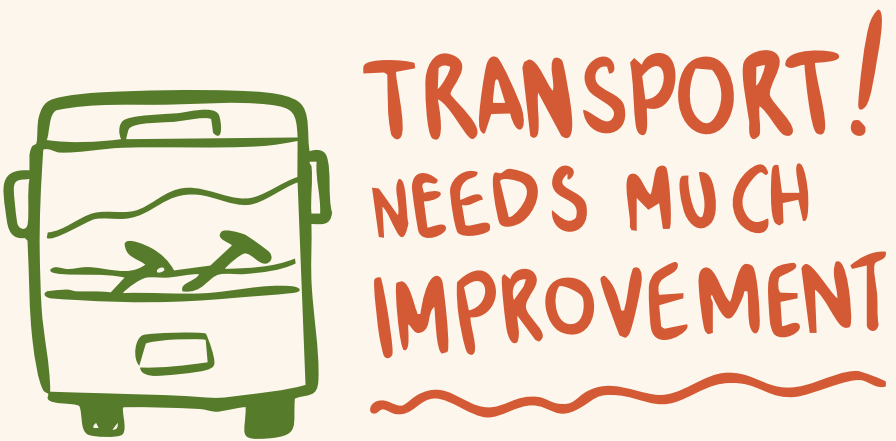
We will continue to enable **free travel for all young care leavers (aged 18-25)** on the bus, Metro and Ferry.

Working with partners including local authorities, Nexus and transport operators, our **Local Transport Plan** (LTP) will start to **create a green, integrated transport network that works for all and breaks down barriers to opportunity**, by better linking children, young people and parents/carers to employment, education and training, healthcare provision, leisure activities and other essential services. The LTP will be underpinned by initial investment of over £200 million, supporting the development of **a transport network that is more reliable, joined-up, easier to use and safer for women and girls** – including through better walking and cycling routes.

## Next (and by 2030)

### In the immediate term:

- We will work to retain the **£1 single fare for young people aged 21 and under on the bus, Metro and Ferry** (and the £3 daily cap on these modes, plus Northern Rail services between Blaydon and Sunderland) until at least 2028 – as well as retaining a **cap on adult bus fares to support parents and carers**.
- We will continue to support the year-round **Kids Go Free offer** on the Metro and Ferry, and the expansion of this offer to buses during the school holidays.
- We will continue to enable **free travel for all young care leavers (aged 18-25)** on the bus, Metro and Ferry.
- We will secure funding to **enable free travel on the bus, Metro and Ferry for all young carers** (aged up to 25).



Visual notes taken during our action plan engagement

Working with partners including local authorities, Nexus and transport operators, we will continue to deliver our **Local Transport Plan** (LTP) – including by 2032 (and as soon as possible, subject to funding and new powers):

- **Bringing buses back under public control**, with an improved and more integrated network.
- **Connecting Washington to the Metro**, to expand opportunities for local residents and businesses.
- Enabling **free travel for all young people aged 18 and under across the network**, and continued **reduced fares for those aged 19-21**.
- Delivering a **fully-integrated public transport network**, including a simplified, seamless ticketing system.
- **Introducing more affordable fares for other groups**, for example people getting back into work or training.
- **Transforming the daily experience of Tyne and Wear Metro users** by bringing new trains into service across the network and using recently-secured funding to invest in a new signalling system to improve reliability for passengers.
- The development and delivery of a **School Streets** programme across the region, to provide safer, cleaner environments outside school buildings.
- Supporting the development of **schemes to widen access to Active Travel equipment**, for example cycle grants or loans, to enable those not in full-time employment to take up work or training opportunities.





These are the activities and interventions that will take place throughout the course of this plan.



## A GROWING AND VIBRANT ECONOMY THAT WORKS FOR ALL

Working closely with business, public and voluntary and community sector partners across the region, we will deliver the ten-year **North East Local Growth Plan**. This plan sets out how – building on our sectoral strengths, unique assets and opportunities – we will create tens of thousands more good jobs to contribute to higher levels of employment and productivity, rising take-home pay, increased residual household incomes and improved living standards right across our region, including for families with children.

Our Local Growth Plan commits to **invest in the foundations of our economy and remove the barriers that prevent people from succeeding** – recognising that inclusive, sustainable growth and the prosperity of our region are dependent on a much broader and balanced set of priorities – including investment in skills, improving access to employment, reducing the digital divide, improving housing, creating a better transport system and unlocking wider economic opportunities. Crucially, **the Local Growth Plan emphasises that**, if babies, children and young people growing up in the North East today are to be able to access our region’s economic opportunities and benefit from future growth, **we must tackle high rates of childhood poverty and hardship** – and it will **commit to closing our region’s gender pay gap and to supporting the growth and development of our foundational economy**, a disproportionately high employer of women.

Our **new accreditation scheme recognising and celebrating responsible employment in the North East – SHINE** – sets out how employers across all sectors can contribute to this action plan through the pay, conditions and support they offer to their staff, including parents and carers; and through the opportunities and contributions they offer their wider community – such as work experience placements for young people, apprenticeships or supporting school and college careers programmes. We will make engagement with the SHINE scheme, and this wider action plan, an expectation of the organisations we do business with.

We will work with businesses and employers, trade unions, civil society and the Living Wage Foundation, to **make the North East a Good Work region**, progress on which will be overseen by the SHINE Steering Group. As part of this, we will work with the Living Wage Foundation to promote the real Living Wage and the benefits of accreditation.

And we will **continue funded support for employers, to help more organisations across all sectors** to better understand the financial circumstances of their employees – providing bespoke, supported action plans to implement meaningful change.

We will work with cross-sector regional and national partners to deliver our **New Deal for North East Workers** – so that people of all ages, and from all backgrounds and communities, are supported to develop their skills (including through volunteering opportunities), to find good quality, fairly paid jobs, to make progress in a job with good prospects, and to

lead healthy, fulfilling working lives. Through the devolved Adults Skills Fund, Free Courses for Jobs and Skills Bootcamps, we will **invest over £100 million per year in workforce skills**, to ensure more people can access secure, well-paid jobs across our region and employers can grow and thrive. We will also provide **a highly visible and locally accessible ‘front door’ to high quality universal skills, employment and careers support** for every North East resident who needs it, including those already in employment.

This **all-age career support** will start early, through the expansion of our **North East Ambition** programme to support all primary, middle, secondary and special schools (including alternative provision) and FE colleges to provide the best possible careers guidance and facilitate meaningful employer/workplace experiences for their students. This will help to ensure children and young people are aware of the wide range of employment opportunities available in our region and the pathways to accessing them, including through technical/vocational education and apprenticeships.

We will also work with employers, education providers and young people to launch **an ambitious regional work experience programme**, providing high quality opportunities for every young person in the North East to experience the world of work while they are in education. And we will broker partnerships between businesses, the youth sector and others to **ensure social value investments create lasting opportunities for young people** across our region.



Recognising the significant impact that high rates of economic inactivity have on our region's economy and living standards, including for families with children, we will decisively tackle this issue by **providing person-centred support for residents excluded from work** (with a particular focus on people with health conditions and disabilities, young people and carers), to overcome the barriers preventing them from securing and sustaining paid employment.

This will include working closely with cross-sector employers and our voluntary and community sector partners to deliver and learn from the three-year Department for Work and Pensions-funded **£50 million Connect to Work** programme providing intensive, wraparound support to people with health conditions and other complex barriers to sustaining employment; and the one-year DWP-funded **£10 million Economic inactivity Trailblazer** which will develop a localised approach to tackling this issue. Both of these programmes will work in tandem with the one-year DHSC-funded **£19.5 million Health and Work Accelerator** pilot, being delivered by the North East and North Cumbria Integrated Care Board (ICB), to provide personalised support through health settings for residents who are in work but at risk of becoming economically inactive as a result of certain health conditions. The North East Combined Authority and North East and North Cumbria ICB jointly commit to ensuring all three programmes will prioritise reaching families with children, and young people.

And we will support **a new DWP pilot that is taking place across six Jobcentres in the North East** in partnership with Citizens Advice and other voluntary and community sector advice organisations, to test and learn from a more tailored and flexible approach to the way in which people, including parents/carers, are supported by and engage with their Work Coaches – with a view to encouraging this approach to be rolled out further across the region to benefit more parents and carers.



## ACTION TO MAXIMISE INCOMES

**We will build on our existing region-wide activity to tackle child poverty, including by:**

- Funding and working with cross-sector partners to deliver **income maximisation, benefits and debt advice** across our region, making this available within a wider range of trusted community spaces – such as early years settings – to help families receive their entitlement, including those who are in work. We will additionally fund **online information sessions for anyone in contact with families across our region as part of their everyday work**, about the type of help that is available and how to encourage parents, carers and young people to access it.



Visual notes taken during our action plan engagement

- Working with voluntary, community sector and local authority partners **to establish a new North East Fundamentals Fund**, to support the expansion of proven, local schemes helping to ensure that no child goes without essentials, including initiatives supporting our region's youngest children.
- Convening local authority and voluntary and community sector partners to **improve the consistency of locally-delivered support across the region** – such as free school meal auto-enrolment schemes; support with school uniform costs, the availability of pre-loved provision and reducing the cost of the school day; the delivery of local crisis support to families; approaches to supporting families with debt; and **local and regional data-driven take-up campaigns**.
- Working with The Share Foundation, schools, colleges, the youth sector and other partners to **encourage young people, including care leavers, across the region (born between September 2002 and January 2011) to locate and access their unclaimed or lost Child Trust Fund**, if they have already turned 18 or are about to do so. This commitment will apply to the Junior ISA scheme for young people in care and the other life skills opportunities provided by The Share Foundation.



## CULTURE, TOURISM AND SPORT

Working with a wide range of cross-sector partners, we will ensure that **the plans we have to build on the region's culture, creative, heritage, tourism and sporting offer will be genuinely inclusive for children, young people and families** – removing barriers to participation; opening up opportunities to improve physical health and mental wellbeing; strengthening social capital and community cohesion; and creating new employment and skills opportunities in these important sectors and as part of our wider foundational economy.

These plans include the development and delivery of a **regional events programme**; catalysing investment to sustain a vibrant and healthy cultural sector that increases opportunity and positive impact for the region's children, young people and families; working to establish the North East as the **first UK Region of Sport**; and delivering a **comprehensive, ten-year programme of investment** to maximise our opportunities from leisure and business tourism. We will monitor the reach of our investment and the impact of this work through a new **North East Cultural Observatory** - measuring children and young people's access to culture and sport across the region as part of this work.

We will also work with cross-sector partners to ensure the thriving North East creative sector we will help to grow – including by investing in and supporting our music, writing and screen industries – has **a pipeline of diverse talent, with clear pathways from education to employment for young people**, alongside retraining opportunities for adults.

## DIGITAL INCLUSION

We will work with Good Things Foundation, local authority partners, business, voluntary and community sector organisations and national Government to define a **Minimum Digital Living Standard for our region**, and support the delivery of interventions to ensure that children, young people and families can access the skills, equipment, data and support needed to be digitally included – focussing on our communities most at risk of being disadvantaged by the digital divide. Our wider work to maximise family incomes and reduce essential costs will include **take-up campaigns for broadband social tariffs**.



## EDUCATION AND ENRICHMENT

Building on regional good practice, including initiatives developed by our voluntary and community sector, we will fund **activity that reduces the costs of education for families and young people** through more schools, and a wider group of educational institutions – such as early years settings, colleges and universities. We will additionally facilitate the first regional pilot of the Donate to Educate digital platform.

We will fund and expand our work with schools and other learning partners to deliver a **Home of Opportunity programme of free after-school clubs, enrichment activities and family learning** across the region.

Our new £5 million **Excellence in Education programme**, currently funded to 2028, will work with schools, local authority partners, Multi Academy Trusts, teaching unions, Teaching School Hubs, Research Schools, education charities and national Government to deliver projects and interventions to support children's educational and future outcomes, focussed on three regional priorities:

- Inclusion (school attendance, children and young people's social, emotional mental health and wellbeing, and transitions into school/between phases);
- Realising Potential (support for literacy, oracy and maths skills, and promoting cultural capital and personal development); and
- Teacher Wellbeing, Development and Retention (a package of support to build the skills, resilience and leadership of our teachers, complementing existing provision).

We will **build on Inspire, our small grants programme for education** open to schools and colleges, widening it to any organisation in the region working with children and young people and in partnership with a school/college, for projects that expand opportunities and/or remove any barriers to children and young people thriving. We will also enable and encourage individuals and other organisations, within and outside the region, to provide additional investment for the fund.

And, working with education partners and the region's transport providers, we will also fund and evaluate **a rural pilot, breaking down travel cost barriers to children and young people accessing enrichment, including cultural and sporting opportunities**, with a view to expanding this work within the wider region.





## HOUSING

Recognising the key role housing costs can play in driving up child poverty, we will work to **create a better functioning housing market** across our region to support an increase in residual household incomes and improved housing standards for families with children. This will include working with local authorities, the North East Housing Partnership, other housing providers and Homes England to create investment models that **unlock, and accelerate construction of, substantially more green, high-quality social and affordable homes**, over the course of the Local Growth Plan.

Given the high proportion of children living in socially-rented homes in our region, we will additionally work with the **North East Housing Partnership** to support their delivery of a new, collective commitment made to contribute to this action plan: to ensure that **all of their customers' children have a bed**; to work with schools and charities to ensure **all of their customers' children have a school uniform**; to partner with organisations across the region **to provide sports activities for young people**; and **to support the career aspirations of young people** with targeted careers engagement and by role modelling housing in schools. We will also work with social housing providers to explore how they can go further on this commitment, for example, on rents; as major employers within the region; and on the provision of flooring in all properties.

In partnership with our constituent local authorities, we will continue to **provide free retrofit advice through the North East Warm Homes one stop shop service**. Available to all residents and private landlords across the region, expert advisors provide ongoing support for families to access funding and finance to improve the energy efficiency of their homes. And, in preparation for devolved retrofitting funding being included in future Integrated Single Settlements, we will launch a **cross-sector North East Warm Homes Taskforce** to support the development of an **ambitious plan for the delivery of retrofit activity across the region to make our existing housing stock – including in the private rented sector – warmer and cheaper to heat**. This work will begin with a three-year pilot to develop innovative solutions to improve outcomes for working-age women with children in the private rented sector, accelerating retrofit activity to address fuel poverty in the worst housing and tackle wider inequalities.

We will additionally work with local authority partners and wider stakeholders to develop a **Homelessness Prevention Blueprint** which maps current provision, identifies gaps in services, and explores regional collaboration opportunities and our role in reducing homelessness and the use of temporary accommodation, including for families with children – and we will push for **more devolved powers and funding to take on rogue landlords**, to help ensure all families in our region are able to live in an energy efficient, safe, well-maintained, inclusive and decent home.

## JOINING UP SERVICES AND SUPPORT

Our emerging work on **public service reform** identifies significant opportunities for more effective cross-system, joined-up working to support prevention, including through a focus on the Best Start in Life agenda.

We are in early discussions with central Government and regional partners, such as health, about how this work can be taken forward – with partners looking at how their services and resources could be better designed and aligned to improve outcomes, particularly for children in low income families, as well as to reduce pressure on crisis services. As part of this work, we are exploring opportunities to adopt prevention-focussed test and learn approaches to integrating local services, alongside closer working with initiatives such as Changing Futures Northumbria, to help bring more joined-up, person-centred support to a wider range of families while continuing to build the case for long-term investment in prevention.

The type of work that could be included within this prevention-focussed test and learn approach includes **exploring options for the expansion of Sure Start-style services within the region**, through building on national investment to further extend the reach and effectiveness of Best Start Family Hubs, and working with partners to improve community-based mental health provision.



Visual notes taken during our action plan engagement



SUPPORTING OUR  
COMMUNITY ASSETS

Through the £1 million **Mayor’s Opportunity Fund** – currently due to run until late 2027 – we are providing support to our region’s grassroots groups, charities, and community organisations, including towards their core running costs. These include organisations working with children, young people and families experiencing financial hardship. We will expand the Fund and enable and encourage individuals and organisations, within and outside the region, to provide additional investment for this.

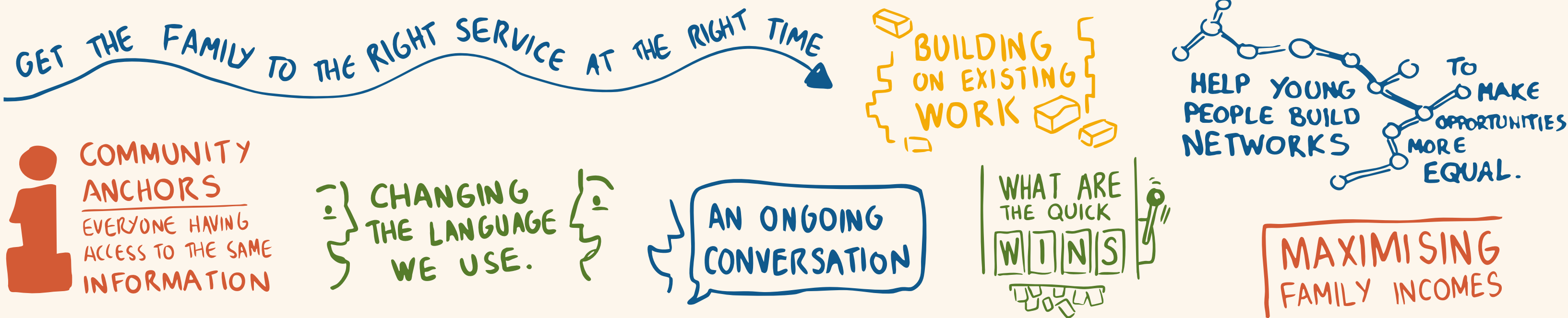
Through phase 1 of our **Flexible Social Finance Fund**, we are investing over £1 million in Socially Trading Organisations (STOs) across the region. Delivered by Big Issue Invest, the fund provides tailored, flexible loans to help STOs achieve their social purpose ambitions, whether managing community-owned assets; delivering essential family services; addressing food insecurity at a grassroots level; or creating more local employment opportunities.

Subject to demand and take-up for this support, we will expand the Flexible Social Finance Fund so that it can benefit even more Socially Trading Organisations to improve self-sustainability, grow impacts and support local families across the region – and will work with partners to secure additional investment for the North East.



TACKLING FOOD INSECURITY

We will work with existing local food partnerships, local authority and health partners, voluntary and community organisations, business and universities to **address high rates of food insecurity** for families and children in our region by undertaking a strategic review of our wider food system: to identify further measures to open up access to affordable, healthy food in communities; to ensure we are using every lever available to us to **help end the need for emergency food parcels for families**; and in a way that **supports our region’s food producers and local economies** – and to understand how we can **better measure food insecurity at a local level**. As part of this work, we will **ban the advertising of junk food across our public transport network**, starting with the Metro.



Visual notes taken during our action plan engagement



# ACKNOWLEDGEMENTS

We are grateful to staff and volunteers from the following organisations who have contributed their valuable time, insights and knowledge to the co-development of this action plan – or who have facilitated our engagement for this work in any way.

AB Connexions  
Academy 360, Sunderland  
Aclet Close Nursery School, Bishop Auckland  
Action for Children  
Active Families North East  
Active Travel England  
Advice in County Durham  
Alive Church, Gateshead  
Anchor  
Anxious Minds  
Arriva  
Arts Council England  
Ashington Children’s Community  
Association of Directors of Children’s Services North East  
Association of Directors of Public Health North East  
AtkinsRealis  
Balmoral Learning Trust  
BBC Children in Need  
Beamish Museum  
Bede’s Helping Hands  
Believe Housing  
Bernicia Homes  
Berwick Community Trust  
Big Local Jarrow

Bishop Chadwick Catholic Education Trust  
Bishop’s Primary School, Ashington  
Blyth Resource and Initiative Centre (BRIC)  
Building Self Belief CIO  
Busy Bees  
Cedarwood Trust  
Centre for Life  
Centre for Young Lives  
Changing Lives  
Cheviot Centre, Wooler  
Child Poverty Action Group  
Children North East  
Choices4Growth, Berwick  
Church Action on Poverty  
Citizens Advice County Durham  
Citizens Advice Gateshead  
Citizens Advice Newcastle  
Citizens Advice North Tyneside  
Citizens Advice Northumberland  
Citizens Advice South Tyneside  
Citizens Advice Sunderland  
Clinks  
Coalfields Regeneration Trust  
Communities Together Durham  
Community @ NE66 youth group, Alnwick

Community Action Northumberland  
Community Foundation North East  
Community Money Advice County Durham  
Community of African Women  
Connect Northumberland  
Connected Voice  
Costain  
County Durham Foodbank  
CREST - Compact for Racial Equality South Tyneside  
Crisis  
Deckham Family Hub  
Department for Education  
Department for Work and Pensions  
Durham Children in Care Council  
Durham Christian Partnership  
Durham Community Action  
Durham County Council  
Durham Wildlife Trust  
Durham Youth Council  
Eagles Community Foundation  
East Durham Trust  
Education Development Trust  
ELCAP - Easington Lane Community Access Point  
Empowering Parents, Empowering Communities group, Durham

Escape Intervention Services  
Esh Group  
Everyone Active  
Everyturn Mental Health  
Family Gateway  
Farne Primary and Cheviot Primary, Newbiggin Hall  
Federation of Small Businesses (FSB) North East  
Feeding Families  
FinPact  
Fiscus  
Foundation of Light  
Foundation of Light Youth Voice group  
Galafield Family Hub, Newbiggin Hall  
Gateshead Central Library  
Gateshead College  
Gateshead Council  
Gateshead Foodbank  
Gateshead Football Club Foundation  
Gateshead Youth Council  
Gentoo  
Glenroyd House, Consett  
GLL  
Grace College, Gateshead  
Grace Darling CofE Primary School, Newbiggin-by-the-Sea

# ACKNOWLEDGEMENTS

Grace House  
Groundwork North East and Cumbria  
Groundwork South and North Tyneside  
Health Equity North  
Her Circle  
Holding Hands  
Home Group  
Hope Vineyard Sunderland  
Hope4All young mentees, Pennywell  
Horden Community Welfare Football Club  
Horsley Hill Family Hub  
Hospitality and Hope  
Housing Employment Network North East (HENNE)  
I.M.P.A.C.T. Northeast CIC  
Impact Family Services  
Insights North East  
Inspire South Tyneside  
Investing in Children  
Invigor8 North East CIC  
IPPR North  
Jarrow School  
Jewish Community Council of Gateshead  
Joseph Rowntree Foundation  
Karbon Homes  
Key Community

Kind Currency  
Leading Link  
Livin  
Living Wage Foundation  
Love, Amelia  
Magic Breakfast  
Marriott Communications  
Marsden Primary School, Whitburn  
Money and Pensions Service  
More Than Grandparents  
Mortal Fools  
My School Health  
National Education Union (NEU)  
National Trust  
NBHD Group  
NEFirst Credit Union  
NE Youth  
New College Durham  
New Writing North  
Newbiggin Sports and Community Centre  
Newcastle Carers  
Newcastle Carers Young Carers group  
Newcastle City Council  
Newcastle College  
Newcastle Foodbank

Newcastle Helix  
Newcastle Rugby Foundation  
Newcastle United Foundation  
Newcastle University  
Newcastle upon Tyne Methodist District  
Nexus  
Nissan Motor Manufacturing UK  
No. 28 Community House, Hexham  
North East and North Cumbria ICB  
North East and North Cumbria Child Health and Wellbeing Network  
North East Business and Innovation Centre  
North East Chamber of Commerce  
North East Child Poverty Commission  
North East Child Poverty Trust  
North East Culture Partnership  
North East Futures UTC  
North East Housing Partnership  
North East Institute of Technology  
North East Law Centre  
North East Museums  
North East Youth Alliance  
North Tyneside Council  
North Tyneside Youth Council  
Northern Health Science Alliance (NHSA)

Northern Housing Consortium  
Northern Learning Trust  
Northern Rights  
Northern TUC  
Northumberland County Council  
Northumbria Healthcare NHS Foundation Trust  
Northumbria University  
Northumbrian Water  
Office of the Northumbria Police and Crime Commissioner  
One Million Women and Girls  
Our Lady of the Rosary Catholic Primary School, Peterlee  
PACT House Stanley  
Peace of Mind North East  
Phonetic Digital  
Pioneering Care Centre, Newton Aycliffe  
Point North  
Port of Tyne  
Pride Action North  
Prudhoe Youth Project  
Queen Elizabeth High School, Hexham  
Rainbow Family Hub, Washington  
RedSTART  
Represent Women  
Resolve Poverty

# ACKNOWLEDGEMENTS

Rise North East  
Riverside Community Health Project  
Rosie’s Corner, West Northumberland  
Schools North East  
Scouts  
Seven Stories  
ShARP - Shiny Advice and Resource Project  
Shildon Alive  
Show Racism the Red Card  
Signal  
Silx Youth Project, Blyth  
Simonside Youth Project, South Shields  
Smart Works Newcastle  
Society Matters CIC  
Sotech  
Southmoor Academy, Sunderland  
South Tyneside and Sunderland NHS Foundation Trust  
South Tyneside Council  
Sow, Grow and Cook – Bill Quay Allotment  
Space 4, Houghton-le-Spring  
St Gregory’s Catholic Primary School, South Shields  
Stagecoach North East  
Stanhope Primary School, South Shields  
Stanley Town Council  
Stop Loan Sharks – the Illegal Money Lending Team

Stormbreak CIO  
StreetGames  
Success4All CIO  
Sunderland All Together Consortium  
Sunderland City Council  
Sunderland College  
Sunderland Community Action Group  
Sunderland Culture  
Sunderland Foodbank  
Sunderland Mind  
Sunderland Parent and Carer Forum  
Sunderland University  
Sunderland Voluntary Sector Alliance  
SURT: Stopping Unsafe Relationships Together, South Tyneside  
Tees, Esk and Wear Valley NHS Foundation Trust  
The Angelou Centre  
The Bay Foodbank  
The Bread and Butter Thing  
The Bunker  
The Children’s Foundation  
The Children’s Society  
The Comfrey Project  
The Cornforth Partnership  
The Cultural Spring

The Food Foundation  
The Glendale Gateway Trust  
The Greggs Foundation  
The Key  
The King’s Trust  
The Meadows  
The Millin Charity  
The National Lottery Community Fund  
The Nicole and Jessica Rich Foundation  
The Salvation Army  
The Share Foundation  
The Wave Project  
The Wise Group  
Three Sixty Degrees  
Thriving Together Northumberland  
Timestep Dance Academy, Northumberland  
Together for Children  
Training in Care  
Transform North East  
Tyne and Wear Citizens  
Tyne Coast College  
Tyneside Cinema  
Tyneside Training Services  
UNISON  
UTC South Durham

Voluntary Organisations’ Network North East (VONNE)  
Wallsend Boys Club  
Wallsend Children’s Community  
Wallsend Children’s Community Parent Community Champions  
Wavehill  
Waythrough  
Weardale Baby and Toddler Group  
Weights & Cakes CIC  
West End Children’s Community  
West Moor Youth Project, North Tyneside  
West Northumberland Foodbank  
We Make Culture  
Winning With Numbers  
WL Distillery  
Wooler Drop-In Centre for young people  
Woolpak – Wooler Parents and Kids  
WWIN - Wearside Women in Need  
YMCA North Tyneside  
YMCA Teesdale  
Youth Focus: North East  
Young Asian Voices



**Title:** Budget Update: 2024-25 Outturn and 2025-26 Budget Reporting Update  
**Report of:** Director of Finance and Investment  
**Portfolio:** All portfolios

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## **Report Summary**

This report provides an update to Cabinet on the provisional outturn position of the 2024-25 financial year, and a look ahead to reporting against the 2025-26 budget.

The North East Combined Authority has performed within its revised budget allocation for 2024-25. As previously reported to Cabinet, there has been an underspend on certain elements, both for corporate overheads and revenue and capital projects. To the extent that these underspends relate to re-phasing of expenditure on multi-year projects, revisions will be incorporated into revenue and capital budgets for 2025-26.

Over the financial year 2024-25, the North East CA operated in accordance with the approved Treasury Management Strategy and complied with its legislative and regulatory requirements. The cost of operating the Authority's treasury management activities did not exceed the budget set for the year.

The report also presents details by directorate of the initial budget plans for 2025-26 to Cabinet. The budget is split between the corporate overheads required to run the Authority and the initial service delivery plan covering revenue and capital programmes.

The report also details the planned financial reporting timetable to Cabinet during 2025-26.

## **Recommendations**

Cabinet is recommended to:

1. Note the outturn for the financial year 2024-25;
2. Note the initial budget position for 2025-26;
3. Note the planned budget reporting timetable for 2025-26; and
4. Note the Treasury Management outturn for 2024-25.

### **A. Context**

#### **1. Background**

- 1.1. The 2024-25 budget, covering the first financial year of the North East Combined Authority (North East CA) was approved by the two predecessor organisations, with the North East Combined Authority Leadership Board and North of Tyne Combined Authority Cabinet approving the proposals on 23 January 2024 and 30 January 2024 respectively.
- 1.2. The budget for the year covered corporate overheads, (i.e. the costs of running the organisation, including transport levies and corresponding transport grants) as well as delivery programmes, for projects delivered directly by the North East CA or by its constituent local authorities, or other delivery partners. The 2024-25 budget was revised and agreed by Cabinet in January 2025, with a total Corporate overheads budget of £121.5m.
- 1.3. The revised delivery programmes budget was also approved in January 2025, totalling £407.747m (£184.425m revenue and £223.322m capital).

#### **2. Draft Outturn 2024-25**

- 2.1 Table 1 below summarises the provisional revenue outturn against the revised approved revenue budget for Corporate overheads and the Quarter 3 forecasts previously reported to Cabinet. The overall position is an increased surplus of £13.403m compared with the previously projected surplus of £1.240m. This is mainly due to savings on staffing costs and capital financing costs, the use of corporate contingencies not being required and significantly increased levels of interest receivable on cash balances and short term investments. Further explanations are provided in the paragraphs below.

**Table 1 – Corporate overheads outturn summary 2024-25**

All numbers in £m	Revised budget 2024-25	Quarter 3 forecast	31 March 2025 Outturn	Variance (actual vs Q3 forecast)
Employees	14.460	12.971	11.775	(1.196)
Premises	0.433	0.472	0.306	(0.166)
Supplies and Services	92.409	92.509	91.997	(0.512)
Third Party Payments	0.399	0.560	0.361	(0.199)
Central Support and Other Recharges	13.800	13.800	10.355	(3.445)
<b>Total Expenditure</b>	<b>121.501</b>	<b>120.312</b>	<b>114.488</b>	<b>(5.518)</b>
Grants and Contributions	(108.706)	(108.756)	(108.054)	0.217
Unallocated interest	(1.730)	(1.730)	(9.104)	(7.374)
Other Income	(0.685)	(0.685)	(0.376)	0.309
Recharges	(0.509)	(0.509)	(0.791)	(0.282)
<b>Total Funding</b>	<b>(111.630)</b>	<b>(111.680)</b>	<b>(118.325)</b>	<b>(6.645)</b>
Funding Towards capital financing costs from Tyne Tunnels	(9.872)	(9.872)	(9.872)	0.000
<b>Net Budget</b>	<b>0.000</b>	<b>(1.240)</b>	<b>(13.403)</b>	<b>(12.163)</b>

- 2.2 Throughout the year, projected underspends have been reported to Cabinet, and therefore much of the position reflected above is in line with previous reports. The outturn position has also been impacted by several factors that emerged towards the end of the financial year, after the last formal report to Cabinet was prepared.
- 2.3 Employees – vacancies existed across the Authority throughout the year, resulting in an underspend of £1.262 million against the Q3 forecast. It was a deliberate decision to retain vacancies while the process of appointing the senior leadership team was completed, allowing them to assess the size and shape of their teams before further permanent appointments were made. That process is now underway and at an advanced stage. Employee expenditure also includes an amount of £1.1m set aside for a transfer to earmarked reserves relating to pension contributions. The Authority is currently in a surplus position in the fund and therefore not making employers' contributions, but an earmarked reserve is being built up to mitigate against the risk of this position changing following the triennial valuation and impacting on the revenue budget for 2026-27.
- 2.4 Premises – the outturn for costs relating to premises was lower than forecast due to a saving being achieved on dilapidation costs relating to the former North East Local Enterprise Partnership offices.
- 2.5 Central Support and Other Recharges – this budget line included £1.1m of central contingencies which were not required to be drawn down in 2024/25. In addition, there were savings against budget of around £1.5m on interest payable costs resulting from the early repayment of some external loans, where no new borrowing has yet been undertaken.
- 2.6 Updates have been provided to Cabinet throughout the year regarding the forecast level of interest on investments likely to be achieved by the Combined Authority. A total of £20.8m was due for the period 7 May 2024 to 31 March 2025. Previous decisions and transfers to earmarked reserves have allocated £11.7m of that total, leaving £9.1m unallocated interest remaining which will be transferred to unearmarked reserves at the year end and available to fund expenditure in future years.

- 2.7 Table 2 shows the provisional outturn against the Authority's delivery programmes. Total expenditure of £340.3m is lower than the revised programme agreed in January 2025 of £407.7m, with further explanations provided in the following sections. There has been no loss of funding, with underspends transferring to the programme for 2025-26 and future years; projections will be revised to reflect this. The impact of the North East CA investment programmes for 2024-25 was reported to Cabinet in June 2025.
- 2.8 The budget line for Supplies and Services above includes the monthly transport revenue grants paid from the Transport levies, to Durham County Council, Northumberland County Council and Nexus. The grants are fixed for the year, with any under or overspend being managed within the reserves of the respective organisations. For Nexus, the outturn was a deficit of £3.226m at the end of 2024-25, prior to exceptional items, compared to a budgeted deficit of £4.822m. Cost pressures related to Metro fare revenue and concessionary fares reimbursement, but offset against favourable variances on some budget lines, including the provision of Bus Services Improvement Plan (BSIP) grant funding being made available, higher than budgeted interest on balances and savings from staffing vacancies. More details of the Nexus revenue and capital outturn are provided in Appendix 2.

**Table 2 – Programme Delivery outturn summary 2024-25**

<b>All numbers in £m</b>	<b>2024-25 Revised Programme</b>	<b>2024-25 Provisional Outturn</b>	<b>Variance</b>
Investment Fund incl. Legacy	38.325	28.832	(9.493)
Brownfield Housing Fund	18.047	12.188	(5.859)
Early Capital Regeneration	25.450	23.175	(2.275)
Investment Zones	2.716	0.920	(1.796)
Enterprise Zones	15.035	18.010	2.975
Transport programmes	199.700	142.161	(57.539)
Adult Skills Funding	51.422	53.145	1.724
Skills Bootcamps	17.000	10.269	(6.731)
Free Courses for Jobs	3.447	3.906	0.459
Trailblazer	8.745	3.562	(5.183)
UK Shared Prosperity Fund and Multiply*	24.816	40.988	16.172
Rural England Prosperity Fund	3.044	2.978	(0.066)
Connect to Work	0.000	0.124	0.124
Economic Inactivity Trailblazer	0.000	0.079	0.079
<b>Total</b>	<b>407.747</b>	<b>340.337</b>	<b>(67.412)</b>

\* Quarter 4 claims were shown in 2025-26 in error in the forecast provided to Cabinet in March 2025. These amounts have correctly been included in 2024-25 outturn expenditure as accruals, giving rise to the variance against the forecast.

**Table 3 – Revenue and Capital Programme Delivery Outturn 2024-25**



Programme	Revenue	Capital	Total
	£m	£m	£m
Investment Fund incl. Legacy	19.194	9.638	28.832
Brownfield Housing Fund	0.280	11.907	12.187
Early Capital Regeneration	0.000	23.175	23.175
Investment Zones	0.920	0.000	0.920
Enterprise Zones	0.000	18.010	18.010
Transport programmes	47.607	94.554	142.161
Adult Skills Funding	53.146	0.000	53.146
Skills Bootcamps	10.269	0.000	10.269
Free Courses for Jobs	3.906	0.000	3.906
Trailblazer	2.696	0.866	3.562
UK Shared Prosperity Fund and Multiply	30.224	10.764	40.988
Rural England Prosperity Fund	0.000	2.978	2.978
Connect to Work	0.124	0.000	0.124
Economic Inactivity Trailblazer	0.079	0.000	0.079
<b>Total</b>	<b>168.445</b>	<b>171.892</b>	<b>340.337</b>

- 2.9 The North East Devolution Deal grants the North East CA control over a £48 million per year **investment fund** for 30 years (phased £34 million revenue, £14 million capital) to support regional growth and long-term priorities. Over the next five years, the fund totals £240 million, with 10% allocated to funding North East CA operating costs. To date, £115.84 million has been committed across nine North East CA projects, North of Tyne Combined Authority (NTCA) legacy commitments, and the operating costs. In May 2024, the North East CA Cabinet resolved that decisions made by the former North East Combined Authority and North of Tyne Combined Authority would be recognised as decisions of the Authority. Consequently, several NTCA Investment Fund projects remain active under the NTCA Legacy Investment Fund programme. The programme is supported by £39.41m carried forward from 2023/24 NTCA Investment Fund, with an additional £27.34m committed from the North East CA Investment Fund. The provisional outturn for 2024-25 is £29.042m against the revised budget of £38.325m.
- 2.10 The **Brownfield Housing Fund** (BHF) total allocation is £49.2m from 2020/21 to 2025/26, of which £47.15m has been committed to projects covering the North and South of Tyne. The programme is forecast to leverage £198.3m of private sector investment. Approved projects are forecasting the creation of 2,797 homes, in addition to 71.10ha of Brownfield land which will be remediated. There will be a delay before outputs are realised, reflecting the early stage of our intervention, which acts as a catalyst for attracting private sector investment to fully regenerate the respective sites. The North of Tyne and South of Tyne BHF are managed as a single programme, with both programmes now due to end in March 2026 following recent confirmation from Government. Provisional outturn for 2024-25 is £12.188m against the revised budget of £18.047m, with re-phasing of capital works underspend into 2025-26.
- 2.11 The **Early Capital Regeneration** programme totals £69m and includes £20m allocated in December 2022 as part of devolution deal negotiations, the additional £35m for development of the Crownworks Studio, Forth Yards and Health Innovation Neighbourhood sites, and £14m of Investment Fund, allocated by NTCA in September 2023. The pipeline of capital activity was agreed in September 2023 with further project approvals since. Contracting has taken longer than originally anticipated, and a number of projects have undertaken delivery at risk. The provisional 2024-25 outturn is £22.6m against the revised budget of £25.6m.
- 2.12 **Investment Zones** (IZs) were announced in the Spring Budget 2023 to catalyse the development of high-potential clean energy and green manufacturing clusters, with total Government support of £160 million over the next 10 years. The North East has agreed a funding profile for the first 5 years of the IZ (£33m Capital and £22m Revenue), and the 10 year programme is expected to leverage £3bn investment and create more than 4,000 jobs. The main aim is to boost productivity and growth with Investment Zones designed to harness local sector strengths to increase inward investment and create jobs on designated sites. Work has been undertaken in collaboration with Local Authorities, Universities, Catapults and businesses to develop the pipeline. At 31 March 2025 three proposals had been approved with a total value of £26.4m, and a further two proposals were agreed

by Finance and Investment Board at its meeting on 27 May 2025 for recommendation to Cabinet and officer approval. Four projects are in development and expected to seek approval in the next 12-18 months. Expenditure during 2024-25 was £0.920m against the budget of £2.7m; this will ramp up through 2025-26 as the approved projects enter their delivery phase.

- 2.13 2024-25 represents year 13 of the round 1 **Enterprise Zone** sites and year eight of the round two sites. Constituent local authorities' capital spend for Enterprise Zones is funded by loans financed by the North East CA, which are covered by business rates income. Expenditure of £18.033m was incurred during 2024/25, primarily on the International Advanced Manufacturing Park, Jade Business Park and Holborn sites.
- 2.14 The total revised programme for **Transport** revenue and capital projects was £199.7m, with outturn expenditure to 31 March 2025 of £142.2m. Slippage and underspend against the programme was primarily on Local Transport Plan (LTP), Bus Service Improvement Plan (BSIP) Capital, Active Travel Fund (ATF), Transforming Cities Fund (TCF) and Levelling Up Fund (LUF) projects.
- 2.15 Following the establishment of the North East CA on 7 May 2024, all Local Transport Plan funding (including Highways Maintenance and Integrated Transport Block grant) will be paid to North East CA, with onward payments of funding made to constituent councils. The first quarterly payment (£13.1m) was made before the establishment of the North East CA and therefore is not included within outturn expenditure. Similarly, the first quarter of Integrated Transport Block funding (£3.5m) was accounted for in the 2023/24 accounts of the former combined authorities due to the extended financial year end.
- 2.16 BSIP Capital outturn spend was £3.829m against budget of £10.852m. The delivery of the programme is ongoing, however there have been delays in schemes entering into contract, arising from the progression of required legal orders and local consultation. This has therefore resulted in lower than expected expenditure. The North East CA is working actively with scheme promoters to support in reducing delays wherever possible, with mitigations in place to ensure schemes are capable of delivering the to the required BSIP programme timescales.
- 2.17 Delivery is underway associated with the Levelling up Fund Transport Decarbonisation Programme which is delivering 52 electric buses and 92 electric vehicle chargers. All contracts are in place and the full funding has been released by the Department for Transport ahead of the spend deadline of 31st March 2026. Timescales in securing electrical connections associated with the project remain the highest risk item but steps are in place with Northern Powergrid to mitigate this. Outturn expenditure was £1.607m, with further claims expected during the first quarter of 2025-26.
- 2.18 The Transforming Cities Fund (TCF) programme is well into delivery, with over 90% of the programme grant expended (including Metro Flow). The completion of several schemes has extended into 2025/26 due to minor construction delays, which accounts for the lower than expected expenditure in 2024-25. It is forecast that the remainder of TCF will be spent by 31 March 2026, with the exception of the £4.58m underspend on the Metro Flow scheme, which was reallocated towards the delivery of the North Shields Ferry Landing scheme at the July 2024 Cabinet. The TCF contribution towards this scheme is forecast to be incurred by 31 March 2027.
- 2.19 The delivery of the region's Active Travel Fund programme is ongoing. There have been delays in several schemes entering into contract, which has resulted in lower than expected expenditure. This has largely arisen from delays in finalising detailed designs and subsequently advancing schemes through the region's shadow Design Review Panel. North East CA is actively working with these scheme promoters to enter into delivery as soon as possible.
- 2.20 The North East Devolution Deal includes a fully devolved **Adult Skills Fund** of circa £69.7m per annum. This includes a ringfenced allocation for the delivery of Level 3 Adult Skills '**Free Courses for Jobs**' (FCFJ). The allocation for academic year 2024-25 (1st August 2024 to 31st July 2025) has been fully committed via grant funding agreements with 20 adult education providers and procured Contracts for Services with 25 adult education providers. The fund remains fully committed for the academic year 2024-25 and providers are performing well against delivery profiles. Two of the key deliverables have exceeded their targets for this stage of the programme, while a third is on a track. The provisional outturn for 2024-25 is £53.1m for Adult Skills Funding and £3.9m for FCFJ, both broadly in line with budget.

- 2.21 The North East CA secured Grant Funding of circa £18m from the Department for Education for the delivery of **Skills Bootcamps** across the North East region during the financial year 2024-25. This allocation was fully committed via procured Contracts for Services awarded to 23 organisations and includes a £1.2m allocation for operating costs. Scheduled provider performance management meetings undertaken in Nov/Dec 24 resulted in the reallocation of £2.4m of the Skills Bootcamp funds due to under-delivery on contracts for services. A delegated decision report was approved in Jan 2025 to redistribute this funding through variations to eight contracts for services where additional demand for provision was evidenced. This demand is particular to growth sector areas such as Green Power, Engineering and Manufacturing, Construction (including retrofit) and Digital. The provisional outturn for 2024-25 is £10.3m against the available budget of £17.0m. This budget included funding for the remainder of the academic year, so expenditure to the end of March is lower. Spend will continue beyond the contract period 31 March 2025 to claim completions and job outcomes for learners who started in Feb/March, with the funding spent in full.
- 2.22 The **UK Shared Prosperity Fund** (UKSPF) aims to enhance local pride and life opportunities across the UK. The 2024-25 outturn covers the final year of the North of Tyne Programme (April 2022–March 2025, which consisted of £45m UKSPF core funding and £3m from the Rural England Prosperity Fund (REPF), supporting 62 approved projects. Full spend was achieved on core UKSPF projects with a small underspend of £0.066m on REPF.
- 2.23 The North East CA was successful in securing additional funding from the Department for Work and Pensions, including a £10m **Economic Inactivity Trailblazer** (one year funding) and £52.6m **Connect to Work** programme (over 6 years). Some initial costs on programme mobilisation were incurred during 2024-25; £0.124m for Connect to Work and £0.079m for Economic Inactivity Trailblazer, with delivery to begin during 2025-26.
- 2.24 **Additional funding** since the March 2025 year end: Transition funding of £54.69m for the **UK Shared Prosperity Fund** and £1.97m **Rural England Prosperity Fund** was awarded to the North East CA, both for delivery during 2025-26 only. Additional **Brownfield Housing Fund** grant was awarded, to be contracted by 31 March 2026 and delivery by 2029. **Local Electric Vehicle Infrastructure** (LEVI) capital funding was also confirmed, totalling £15.8m.
- 3. Initial Corporate Budget 2025-26**
- 3.1. Cabinet approved the final draft 2025-26 Budget, Medium Term Financial Plan and Corporate Plan for the North East Combined Authority on 26 January 2025. The final draft included assumptions about staffing, income levels and expected growth at the time of the report.
- 3.2. An initial view of the corporate and service delivery budgets for 2025/26, showing how the budget is split between the directorates of the Authority.
- 3.3. The initial corporate budget plan reflects the running costs of the Authority for the year to March 2026. Budget lines have been renamed to plainer language that better reflects the nature of income and expenditure. Table 4 shows the initial budget, split between the directorates, with separate identification of the transport levy income and corresponding transport grants.



**Table 4: Initial Budget for 2025-26 by Directorate**

<b>All numbers £m</b>	<b>Economic Growth &amp; Regeneration</b>	<b>Skills, Inclusion &amp; Public Reform</b>	<b>Transport</b>	<b>Finance &amp; Investment</b>	<b>Operations</b>	<b>Chief Executive</b>	<b>Total Directorate Overheads</b>	<b>Corporate Items</b>	<b>2025-26 Budget</b>
<b>Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employees	3.274	3.708	2.468	1.873	3.284	0.392	<b>14.999</b>	0.000	<b>14.999</b>
Admin Costs	0.050	0.167	0.268	0.452	2.285	0.100	<b>3.322</b>	0.000	<b>3.322</b>
Cost of Delivery	2.273	0.000	0.081	0.000	0.000	0.399	<b>2.753</b>	0.000	<b>2.753</b>
Contingency	0.000	0.000	0.000	1.251	0.000	0.000	<b>1.251</b>	5.683	<b>6.934</b>
Capital Financing	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>	8.789	<b>8.789</b>
Transport Levy grants	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>	87.173	<b>87.173</b>
<b>Total Expenditure</b>	<b>5.597</b>	<b>3.875</b>	<b>2.817</b>	<b>3.576</b>	<b>5.569</b>	<b>0.891</b>	<b>22.325</b>	<b>101.645</b>	<b>123.970</b>
<b>Income</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Grant Top-slice	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(10.291)	<b>(10.291)</b>
Grant Funding	(2.781)	(0.557)	(0.250)	(0.500)	(1.000)	(0.550)	<b>(5.638)</b>	0.000	<b>(5.638)</b>
Recharges to Projects	0.000	(0.104)	(2.739)	(0.063)	(0.116)	(0.078)	<b>(3.100)</b>	0.000	<b>(3.100)</b>
Interest	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>	(6.800)	<b>(6.800)</b>
Transport Levy income	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>	(89.356)	<b>(89.356)</b>
<b>Total income</b>	<b>(2.781)</b>	<b>(0.661)</b>	<b>(2.989)</b>	<b>(0.563)</b>	<b>(1.116)</b>	<b>(0.628)</b>	<b>(8.738)</b>	<b>(106.447)</b>	<b>(115.185)</b>
<b>Net Expenditure</b>	<b>2.816</b>	<b>3.214</b>	<b>(0.172)</b>	<b>3.013</b>	<b>4.453</b>	<b>0.263</b>	<b>13.587</b>	<b>(4.802)</b>	<b>8.785</b>
Funding towards costs from Tyne Tunnels	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>	(8.785)	<b>(8.785)</b>
<b>2025-26 Net Budget</b>	<b>2.816</b>	<b>3.214</b>	<b>(0.172)</b>	<b>3.013</b>	<b>4.453</b>	<b>0.263</b>	<b>13.587</b>	<b>(13.587)</b>	<b>0.000</b>

- 3.4 The initial budget set out above includes £22.3m relating to the costs of running the Authority and some direct delivery. Further non-programme costs, primarily transport levy grants, capital financing costs and corporate contingencies, total £101.6m. The total budget of £123.9m is funded through transport levies, Tyne Tunnels toll income, interest on investments, contributions from local authorities and from government grant funding.

#### **4. Initial Service Delivery Plan 2025-26**

- 4.1 The initial service delivery plan for 2025-26 reflects a budgeted programme of works totalling £576.9m. The plan is split across the three service delivery directorates of the Authority as follows:
- Economic Growth & Regeneration: £95.9 million
  - Skills, Inclusion & Public Reform: £116.2 million
  - Transport: £364.5 million
- 4.2 From 1 April 2026, the North East CA will move to a different funding model – the ‘Integrated Settlement’ – that will see a change to how funding flows to it from central government. This will be a three year settlement, and will provide additional flexibilities; for example how funds are deployed within ‘themes’, fewer ringfenced funding streams, and additional abilities to move funding between financial years. Full information from government as to the amount of funding that will come to the North East CA for the 2026-27 to 2029-30 is expected in September 2025. That settlement will also reflect the impacts for the North East CA of the comprehensive spending review announcement. Further briefings for Cabinet on all of the above will follow over the course of this financial year.
- 4.3 Table 5 shows the breakdown of the delivery programme by summary analysis, by directorate. Work is ongoing to evolve the summary analysis of the delivery programme to ease reporting and management.

**Table 5: Service Delivery Programme 2025-26**

All numbers in £m	Economic Growth and Regeneration	Skills, Inclusion and Public Reform	Transport	Total
<b>Revenue Programmes:</b>				
Brownfield Housing Fund	0.309	0.000	0.000	<b>0.309</b>
Investment Fund Revenue	8.099	0.541	0.000	<b>8.640</b>
Investment Zones Revenue	3.674	0.000	0.000	<b>3.674</b>
Trailblazer	4.944	0.000	0.000	<b>4.944</b>
UK Shared Prosperity Fund	10.462	6.193	0.000	<b>16.655</b>
Economic Inactivity Trailblazer	0.000	9.900	0.000	<b>9.900</b>
Connect to Work Programme	0.000	3.970	0.000	<b>3.970</b>
Adult Skills Fund	0.000	95.139	0.000	<b>95.139</b>
City Region Sustainable Transport Settlement Revenue	0.000	0.000	14.910	<b>14.910</b>
Bus Service Improvement Plan Revenue	0.000	0.000	55.624	<b>55.624</b>
Tyne Tunnels	0.000	0.000	33.402	<b>33.402</b>
Other Transport Revenue	0.000	0.000	4.533	<b>4.533</b>
<b>Total revenue programmes</b>	<b>27.488</b>	<b>115.743</b>	<b>108.469</b>	<b>251.700</b>
<b>Capital Programmes:</b>				
Brownfield Housing Fund Capital	24.235	0.000	0.000	<b>24.235</b>
Crown Works Trailblazer	24.200	0.000	0.000	<b>24.200</b>
Investment Fund Capital	9.126	0.424	0.000	<b>9.550</b>
Investment Zones Capital	10.862	0.000	0.000	<b>10.862</b>
Local Electric Vehicle Infrastructure	0.000	0.000	1.484	<b>1.484</b>
City Region Sustainable Transport Settlement Capital	0.000	0.000	53.463	<b>53.463</b>
Other Transport Capital	0.000	0.000	24.908	<b>24.908</b>
Local Transport Plan	0.000	0.000	100.163	<b>100.163</b>
Levelling Up Fund	0.000	0.000	9.978	<b>9.978</b>
Bus Service Improvement Plan Capital	0.000	0.000	65.991	<b>65.991</b>
<b>Total capital programmes</b>	<b>68.423</b>	<b>0.424</b>	<b>255.987</b>	<b>324.834</b>
<b>Total (all programmes)</b>	<b>95.911</b>	<b>116.167</b>	<b>364.456</b>	<b>576.534</b>

## 5. Financial Reporting Timetable for 2025-26

5.1 Cabinet will receive regular updates throughout the year on budget planning, budget monitoring and other aspects of managing the finances of the Authority. The planned updates are shown in table 6.

**Table 6: Planned Financial Reporting Timetable 2025-26**

Cabinet report to cover	July	September	November	February	March
Initial Programme Budget 2025-26	✓				
Revised Budget 2025-26					
Provisional Outturn 2024-25	✓				
Overhead Budget Forecast		Q1	Q2		Q3
Programme Delivery Forecast		Q1	Q2		Q3
Treasury Management Update	✓		✓	✓	
Funding (new, by exception)	✓	✓	✓	✓	✓
Draft 2026-27 Budget			✓		
Final 2026-27 Budget				✓	
Final Audited Accounts for sign-off				✓	



## **6. Treasury Management Outturn and Prudential Indicators**

The outturn Treasury Management position and Prudential Indicators are attached to this report at Appendix 1. During 2024-25, the Authority fully complied with its legislative and regulatory requirements.

### **B. Impact on North East Combined Authority Objectives**

Sound financial governance and stewardship underpins the delivery of all of the North East CA's objectives.

### **C. Key risks**

There are no specific risks relating to this report.

### **D. Financial and other resources implications**

Financial implications are set out in the detail of the report.

### **E. Legal implications**

The Authority is required to agree a balanced budget annually and to monitor performance against that budget throughout the year. The Authority must also make provision for an adequate level of unearmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

The Authority has a legal obligation under the Local Government Act 2003 to have regard to the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice; the Chartered Institute of Public Finance and Accountancy's Prudential Code: Capital Finance in Local Authorities; and Ministry of Housing, Communities and Local Government Statutory Guidance on Local Government Investments.

### **F. Equalities Implications**

There are no direct equalities implications arising from this report.

### **G. Consultation and engagement**

The 2024-25 and 2025-26 budgets were subject to wide consultation across the North East before their agreement by Cabinet. The outturn for 2024-25 will be part of the statement of accounts for the year which will be subject to a period of public inspection during July and August 2025 and subject to external audit before being brought back to Cabinet for approval.

### **H. Appendices**

Appendix 1 – Treasury Management Outturn 2024-25

Appendix 2 – Nexus Outturn 2024-25

### **I. Background papers**

2024-25 Budget Monitoring Position update Cabinet report 20 March 2025

### **J. Contact officer(s)**

Mags Scott, Director of Finance and Investment: [mags.scott@northeast-ca.gov.uk](mailto:mags.scott@northeast-ca.gov.uk)

Eleanor Goodman, Head of Finance: [eleanor.goodman@northeast-ca.gov.uk](mailto:eleanor.goodman@northeast-ca.gov.uk)

Noel Kay, Strategic Finance Business Partner: [noel.kay@northeast-ca.gov.uk](mailto:noel.kay@northeast-ca.gov.uk)

### **K. Glossary**

Not required.

## **Appendix 1 – Treasury Management Outturn 2024-25 and Prudential Indicators**

## **1. Purpose of the Report**

- 1.1 The purpose of this report is to report to members of the Cabinet on the treasury management outturn position for the financial year 2024-25 for the North East CA and performance against the agreed Treasury Management Strategy for the year.

## **2. Background**

- 2.1 Treasury Management is defined as ‘the management of a local authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks’.
- 2.2 The North East CA operates a balanced budget, which should result in cash raised during the year meeting cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.
- 2.3 An important function of the treasury management service is to arrange the funding of the Authority’s capital programmes. This provides a guide to the borrowing needs of the authorities and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and occasionally debt restructuring to meet risk or cost objectives.

## **3. Treasury Management Outturn**

- 3.1 In line with the CIPFA Code of Practice on Treasury Management in the Public Services, Combined Authorities are required to approve a treasury management strategy before the start of each financial year and to monitor/report performance against the strategy with a mid-year review. The Treasury Management Strategy for 2024-25 was approved by the former NECA and NTCA on 23 January 2024 and 30 January 2024 respectively. This report looks back over the North East CA’s treasury management activities in light of the approved strategy and covers the following areas:
- Summary treasury position – position as at 31 March 2025 and comparator information for the position as at 7 May 2024;
  - Borrowing activity during the year;
  - Investment activity and details of investments held at 31 March 2025;
  - Treasury Management indicators – performance against the key indicators adopted; and
  - Prudential indicators – performance against the key indicators adopted.
- 3.2 A key part of the North East CA’s treasury management functions is the management of funding associated with the authorities’ capital investment plans. These capital plans provide a guide to borrowing needs of the authorities, essentially the longer-term cash flow planning to ensure that the authorities can meet their capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.

### **Summary Treasury Position**

- 3.3 The North East CA’s debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.
- 3.4 The North East CA’s treasury position at the beginning and end of 2024-25 was as follows:

	<b>7 May 2024</b>	<b>Average rate</b>	<b>Average life</b>	<b>31 March 2025</b>	<b>Average rate</b>	<b>Average life</b>
	<b>£ million</b>	<b>%</b>	<b>Years</b>	<b>£ million</b>	<b>%</b>	<b>Years</b>
External debt	148.667	4.25	36	124.000	4.19	31.87
External investments	400.119	5.44	0.24	490.000	4.63	0.42

### Borrowing activity

- 3.5 As at 31 March 2025, North East CA held £124 million in external borrowing, a decrease of £24.667 million from the start of the year due to the early repayment of a number of LOBO loans and regular principal repayments on equal instalment of principal (EIP) loans. The borrowing position and change since the start of the year is shown in the following table:

	<b>7 May 2024</b>	<b>Average rate</b>	<b>Average life</b>	<b>6 May 2024</b>	<b>Average rate</b>	<b>Average life</b>
	<b>£ million</b>	<b>%</b>	<b>Years</b>	<b>£ million</b>	<b>%</b>	<b>Years</b>
Public Works Loan Board (PWLB)	79.667	4.09	22	79.000	4.10	26
Private Sector	69.000	4.43	46	45.000	4.38	48
<b>Total borrowing</b>	<b>148.667</b>			<b>124.000</b>		

- 3.6 All external borrowing held by North East CA relates to Transport activity (primarily the construction of the second Tyne Tunnel and borrowing held on behalf of the Tyne and Wear Passenger Transport Executive) and is inherited from the former Tyne and Wear Integrated Transport Authority. No new external borrowing was carried out during 2024/25.

### Investment activity

- 3.7 North East CA holds significant funds that it has invested, made up of funds received in advance of expenditure such as capital and revenue grants plus balances and reserves held.
- 3.8 As at 31 March 2025, North East CA held investments totalling £490 million. The following table provides a breakdown of these investments split by the type of financial institution and maturity period.

<b>Financial Institution</b>	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>12-24 months</b>	<b>Total</b>
DMO	20.000	140.000	0.000	0.000	160.000
Banks	15.000	50.000	200.000	0.000	265.000
Building Societies	0.000	0.000	0.000	0.000	0.000
Other Local Authorities	0.000	0.000	50.000	15.000	65.000
<b>Total Investments</b>	<b>35.000</b>	<b>190.000</b>	<b>250.000</b>	<b>15.000</b>	<b>490.000</b>
<b>% of total</b>	<b>7%</b>	<b>39%</b>	<b>51%</b>	<b>3%</b>	

- 3.9 During 2024/25, investment balances ranged between £400 million and £490 million.
- 3.10 Combined Authorities' investment policies are governed by the Department of Levelling Up, Housing and Communities (DLUHC) guidance, which was implemented in the annual investment strategy approved by the NECA Leadership Board on 23 January 2024 and the NTCA Cabinet on 30 January 2024. Both the CIPFA Code and the government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The authorities' objectives when investing money are to



strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### Treasury Management Indicators

- 3.11 There are three debt related treasury activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

a) Interest rate exposures: this indicator is set to control North East CA's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal invested was:

	31 March 2025	31 March 2025	2024/25 Limit	Complied
	£ million	%	%	
Upper limit on fixed interest rate exposure	124.000	100%	100%	✓
Upper limit on variable interest rate exposure	0.000	0%	70%	✓

b) Maturity Structure of Borrowing: this indicator is set to control North East CA's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	Lower Limit	Upper Limit	31 March 2025	31 March 2025	Complied
	%	%	£ million	%	
Under 12 months	0%	20%	0.667	0.5	✓
12 months to 2 years	0%	40%	0.333	0.3	✓
2 years to 5 years	0%	60%	0.000	0.0	✓
5 years to 10 years	0%	80%	5.000	4.0	✓
10 years and above	0%	100%	118.000	95.2	✓

c) Principal sums invested for periods longer than 364 days: the purpose of this indicator is to control North East CA's exposure to the risk of incurring losses by seeking early repayment of its investments:

Principal sums invested for longer than 364 days	Limit	31 March 2025	Complied
	£ million	£ million	
Actual principal invested beyond 364 days	75.000	10.000	✓

### Prudential Code Indicators

- 3.12 The Local Government Act 2003 requires Combined Authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Financing in Local Authorities (the Prudential Code) when determining how much money they can afford to borrow.

- 3.13 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the combined authorities have fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

a) Capital expenditure: the table below summarises capital expenditure incurred for both combined authorities and how the expenditure was financed:

b) Capital Financing Requirement (CFR): the CFR is a measure of authorities' underlying need to borrow for a capital purpose. The actual outturn position for the North East CA, compared to the estimate in January 2024 is set out in the following table:

All numbers in £m	2024/25 estimate	2024/25 actual	Difference
Capital Programme	215.778	171.892	(43.886)

All numbers in £m	2024/25 estimate	2024/25 actual	Difference
Capital Financing Requirement	180.693	176.590	(4.103)

c) Actual debt: the North East CA's actual debt at 31 March 2025 compared to estimates in January 2024 is as follows:

All numbers in £m	2024/25 estimate	2024/25 actual	Difference
North East CA borrowing	148.000	124.000	(24.000)
<b>Total</b>	<b>148.000</b>	<b>124.000</b>	<b>(24.000)</b>

d) Gross debt and the Capital Financing Requirement: in order to ensure that over the medium term debt will only be for a capital purpose, combined authorities should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The actual outturn position for the North East CA compared to the estimates in January 2024 is set out in the following table:

All numbers in £m	2024/25 estimate	2024/25 actual	Difference
External debt	130.000	124.000	(6.000)
Capital Financing Requirement	180.693	176.590	(4.103)
<b>Headroom (under-borrowed)</b>	<b>(50.693)</b>	<b>(52.590)</b>	<b>(1.897)</b>

e) Operational Boundary: This is the limit beyond which external borrowing is not normally expected to exceed. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

All numbers in £m	2024/25 estimate	2024/25 actual	Complied
Operational boundary	233.000	124.000	✓

f) Authorised Limit: This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

All numbers in £m	2024/25 estimate	2024/25 actual	Complied
Authorised Limit	238.000	124.000	✓

## Appendix 2 – Nexus Revenue and Capital Outturn 2024-25

1. Nexus recorded a deficit of £3.226m at the end of 2024/25, prior to exceptional items. This is also before the capital, pension and taxation movements, with the corporation tax computations still to be carried out by EY under the terms of our framework agreement.
2. The variations against budget are summarised below:

Service Area	Outturn Position 2024/25		
	Budget £m	Actual £m	Variance £m
ENCTS & Discretionary Concessions	32.309	35.250	2.941
Metro	20.810	19.929	(0.881)
Bus Services	14.588	17.781	3.193
Other	6.085	5.497	(0.588)
<b>Total</b>	<b>73.792</b>	<b>78.457</b>	<b>4.665</b>
Levy / JTC grant	(68.200)	(68.200)	-
BSIP	(0.770)	(7.031)	(6.261)
<b>Deficit/(Surplus) before earmarked reserves</b>	<b>4.822</b>	<b>3.226</b>	<b>(1.596)</b>
Traincrew Reserve	-	1.489	1.489
<b>Deficit after earmarked reserves</b>	<b>4.822</b>	<b>4.715</b>	<b>(0.107)</b>

3. The main pressures resulting in overspends against budget or a shortfall in income across the year included the following:
  - Concessionary fares – reflecting changes to the Department for Transport (DfT) concessionary fares calculator;
  - Metro fare revenue – due a combination of performance issues in the first half of the year and sluggish economic conditions;
  - Metro Rail Grant – which did not attract indexation; and
  - Bus Services – where part of the BSIP allocation was carried forward into 2025/26.
4. Conversely, there were several favourable variances against budget, including:
  - Bus Services – BSIP grant was agreed after the original budget was set. This led to additional income generated from BSIP funded services, which in turn enabled the carry-over of surplus BSIP grant into 2025/26;
  - Interest on balances – this was higher than budget due to a combination of interest rates being higher for longer, together with higher levels of grant income being received;
  - Metrocar Maintenance – a planned saving against this budget was achieved, offset by additional costs incurred to support measures to improve fleet reliability, with the balance earmarked for the Traincrew reserve, which will be used to fund additional traincrew costs that are expected to be incurred during the gap between the fleet replacement programme ending and the introduction of a new timetable.
  - Vacancy management – which arose because the gap between vacancies arising and posts being filled was longer than expected.

### Capital Outturn 2024/25

5. Nexus' capital outturn for 2024/25 was £89.698m, against an approved budget of £94.982m. Whilst the outturn is £5.284m lower than the approved budget, there was no adverse impact on grant funding, and the variations against budget reflect a combination of programme slippage as well as the acceleration of milestone payments made in respect of fleet replacement.



6. This is shown in the following table:

	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Outturn			
Metro Asset Renewal Programme	44.219	35.859	(8.360)
Fleet Replacement Programme	43.711	49.294	5.583
Other Capital Projects	4.328	2.016	(2.312)
Metro Flow	2.724	2.529	(0.195)
	<b>94.982</b>	<b>89.698</b>	<b>(5.284)</b>

**Title:** Centre for Writing  
**Report of:** Phil Witcherley, Director of Economic Growth and Regeneration  
**Portfolio:** Home to a Growing and Vibrant Economy

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## **Report Summary**

This report sets out proposals to catalyse the Centre for Writing in Newcastle in a major £2m investment. This is a key part of our ambition to create new opportunities and careers for local people in the creative industries. The Centre will attract national publishing businesses to the North East and be a focal point for the next generation of northern writers - a place where people from our region can discover, develop and fulfil their creative potential.

The Centre for Writing will cement the region's place as a national centre for writing and literature. It will forge links with and complement award-winning attractions which already inspire children and young people and champion the benefits and thrill of reading and writing, including *The Word*, the National Centre for the Written Word in South Shields; *Seven Stories*, the National Centre for Children's Books in Newcastle; and *The Story*, which opened last year in Durham.

The North East Mayor and North East Combined Authority have been instrumental in driving development of the Centre for Writing with New Writing North and Northumbria University, Newcastle City Council, local businesses, and some of the country's largest publishers including Hachette UK and Faber and Faber. The Centre will support writing and reading initiatives in the community as well as professional writers and publishing businesses across the region. It will be the first centre of its kind with a cross-section of partners from the arts, academia, media and publishing industries.

This report therefore covers the following elements:

- the ambitions and objectives for the proposed Centre for Writing; and,
- the proposed approach to delivering the Centre for Writing and the investment required.

## **Recommendations**

Cabinet is recommended to

1. agree to provide New Writing North Ltd with £2m of funding from the North East CA Investment Fund. This investment will support the acquisition of a city-based property in Newcastle and its redevelopment into the Centre for Writing on the basis set out in this report; and
2. authorise the Chief Executive, in consultation with the Mayor and the portfolio holder, to finalise the terms on which this grant funding is to be provided.

## **B. Context**

### **1. Background and policy context**

- 1.1 The Mayor's manifesto, North East devolution deals and Local Growth Plan prioritise growing the visitor economy and recognise the benefits that a thriving culture and creative economy provides in terms of regional profile, business and jobs growth, and opportunities for skills and career development.

- 1.2 The July 2024 Cabinet approved Strategic Portfolio Plans for Culture, Creative, Tourism and Sport. This confirmed the ambition to:
- “develop and promote our creative talent, including music, writing”,
  - “develop and commission a programme for cultural and creative industries investment and business/practitioner support – including for music, literature and other creative sectors.”
- 1.3 The Centre for Writing project contributes to Newcastle’s City Centre Transformation Plan and its approach to heritage in the city and the mission of Newcastle Creates (Newcastle’s Cultural Compact), building on the existing strengths of the city and local communities.
- 1.4 The scheme aligns with Historic England, Architectural Heritage Fund, and the National Lottery Heritage Fund’s combined interest in helping historic high streets to evolve and contribute in new ways to the city economy and culture through innovation, inclusive community engagement, skills, city energization and entrepreneurialism. The project also aligns closely with Arts Council England’s Let’s Create strategy of place-based co-creation, dynamic business models, inclusivity and relevance and environmental sustainability.
- 1.5 At a regional level, the Centre for Writing will build on the growth and reputation of the creative sector, by supporting the publishing and writing cluster through engagement with key assets and networks in the region. For example, these include *The National Centre for the Written Word* in South Shields and *Seven Stories*, the National Centre for Children’s Books in Newcastle. The Centre for Writing will also make strong connections to the collection of historic records and objects at *The Story*, which gives insights into the lives of people in County Durham. Between 2011 and 2020, employment in the North East’s creative industries cluster grew by 68%, representing the largest percentage increase in the UK. In the period following the pandemic (2021 to 2022), the economic contribution of the creative industries grew in all regions, with the largest growth seen in the North East (23.8%). The total economic contribution is estimated at £1.67bn, being 2.65% of NE GVA.
- 1.6 The Centre for Writing also directly address the government’s new Industrial Strategy and accompanying national sector plan for the creative industries published in June. It will contribute to the growth agenda by setting the stage for the North East to tap into creative industries growth at the UK level and by strengthening region’s position as a centre of excellence for writing.
- 1.7 The Industrial Strategy is clear that the UK’s creative industries are world-leading, showcasing the best of its creativity and culture to the world. According to UN Trade and Development, the UK is the third largest creative services exporter behind the US and Ireland, worth \$87 billion in 2022 and data from the Creative Industries Policy and Evidence Centre has shown that the creative industries accounted for 67% of the UK’s digital exports in 2021. The sector is expected to grow worldwide, creating further growth opportunities.
- 1.8 The Industrial Strategy states that in order to enable growth in the sector, “the government will leverage UK creative industries’ global comparative advantages by unlocking private investment, boosting exports, and developing its highly skilled workforce”; and, acknowledges that the sector also “plays an important role in driving growth across regions and nations, through creative clusters and corridors across the country that spread opportunity and prosperity in communities, as well as driving growth by enhancing access to skills, spillovers, and knowledge sharing.” The Centre for Writing therefore aligns strongly with these objectives.

## **2. Approach for the Centre for Writing**

- 2.1 The Centre for Writing is an ambitious infrastructure project that will deliver regional growth and aspiration and support the rise of the UK creative industries as a sector of national growth. It aims to rebalance the ecosystem of who gets to write in the UK, and to enhance opportunities in and access to jobs and growth in the creative industries in the North East. The Centre is the first of its kind nationally to



bring together a cross-section of partners from academia, industry, and the arts into one dynamic site of creative production. It therefore represents a collaboration between the Mayor, the North East CA and regional partners to create opportunity and grow our profile and reputation in a growing sector.

- 2.2 The Centre will be a new flagship development supporting the realisation of the North East CA's Local Growth Plan and Newcastle City Council's Cultural and Creative Zone. It will develop new skills, experiential learning and research and attract investment from national and international publishing and media companies and a wide range of public and private investors.
- 2.3 The Centre will be operated as a joint venture between New Writing North (NWN) and Northumbria University (NU), and will be located in the centre of Newcastle. It is anticipated that this joint venture will purchase, own, and operate the building that will house the Centre for Writing to ensure resilience and reach for the investment. The business model underpinning the project seeks to enable sustainability through a mixed approach to income and through delivering a wide range of benefits for local people and place.
- 2.4 New Writing North (NWN) leads the development of creative writing and reading in the North of England. Based in Newcastle upon Tyne (co-located within Northumbria University's campus), they have produced nationally significant work since 1996. They are a charity and an Arts Council England National Portfolio Organisation. NWN have shaped the model for regional writing agencies, developing innovative industry partnerships, delivering inclusive talent programmes and high impact work with young people, and attracting resources from a wide range of stakeholders. They are acknowledged as a leader in their field and a key body in the North of England for both talent and community development. As a result, their work has won numerous regional and national awards and they have been recognised nationally for their partnerships with HE and industry. The Centre for Writing builds on this approach to partnership and their reputation in the sector.
- 2.5 NWN and Northumbria University (NU) have worked together since 2012 across teaching and learning, research, and public engagement. The partnership has developed to a national range of creative industries interventions including building the high-profile Northern Writers' Awards, the largest programme of support for new writers in the UK, generating research including a 4\* impact case study in the last Research Excellence Framework, and establishing the co-designed and co-delivered flagship MA Publishing with global publisher Hachette UK. The partnership is acknowledged as being of the highest standard for cross sector working by both academic (Times Higher) and cultural (APPG for Creative Diversity) colleagues. In 2023, NU and NWN renewed and expanded their partnership agreement to grow and scale the partnership activities that will underpin the Centre for Writing, and associated developments in publishing, audio, and content creation. The development of the Centre for Writing aligns with the new NU strategy for innovative, experiential teaching and learning, as well as its strong commitment to social mobility and place-based collaboration and impact.
- 2.6 The Centre for Writing has the following overarching strategic objectives, representing the collective ambitions of the North East CA, Newcastle City Council, New Writing North, Northumbria University:
  - SO1: Establish an internationally recognised Centre for Writing in Newcastle to reposition North East as a centre of excellence for writing, publishing, and creative industry content production.
  - SO2: Widen participation and diversity in writing, reading and content creation and grow commissioning and production of new work in the North.
  - SO3: Create more opportunities for young and older people to advance their writing and literacy skills and to generate a new talent pipeline and pathways into education and careers in the creative industries.
  - SO4: Generate world-leading research on writing, publishing, and UK creative industries impact.
  - SO5: Support the long-term sustainability of UK publishers and writing organisations and grow Newcastle as a nationally recognised centre for commercial publishing, content creation and production.

- 2.7 The development is the first of its kind in the UK to bring together, around the theme of reading and writing, media, publishing, content, production and literacy, a wide range of arts organisations, charities, universities and education, and the creative industries. It proposes a new sustainable and dynamic way of managing a cultural centre through cross-sector partnerships that deliver tangible creative, economic, and social impacts.
- 2.8 The business model of the venture will be supported by retail, hospitality and office and space rentals allowing a mixed income stream to support the running of the space. An operational plan for the running of the space has been developed with support from external consultants and with hospitality and retail advisors. This approach to sustainability aligns with Arts Council England's focus on developing new and dynamic business models for arts organisations and will transform NWN's business and operational model.
- 2.9 The Centre will generate revenue from a range of users and partners, comprising:
- Commercial operators: publishers (books, magazines, news media etc); screen producers and broadcasters; media, communications and digital businesses; book shop; café/bar; and audio studios.
  - Sector practitioners and businesses: writers; creative freelancers, producers, and literature-focused SMEs.
  - Higher Education: Northumbria University teaching and research staff; and collaborative research partnerships and programme from across HE partners.
  - Charitable: young people, community groups and a public events programme.
- 2.10 In summary, the Centre for Writing will bring together a powerful alliance of cross-sector national and regional partners to catalyse collaboration, accelerate innovation and support new ways of working. It will be a beacon for the development and export of world class services, a home for the commissioning and presentation of new creative content, allied to being a focal point for the development of literacy and creativity in the North East. It will be a flagship site for developing new skills programmes, business development and cutting-edge research on the creative industries outside of London. This will be supported by the wider growth agenda for the creative industries as represented in the North East Local Growth Plan, alongside New Writing North and Northumbria University's existing partnerships and alliances, and will draw on our relationships across the North, in London and internationally to benefit the North East.
- 2.11 The Centre will develop the next generation of northern writers, become a hub for the publishing industry in the North and be a place where residents of the region can discover their writing potential, thereby contributing to the Mission of "Home to a growing and vibrant economy for all". Additionally, the proposal directly supports the mission to develop 'a North East we are proud to call home' which seeks to create an inclusive and thriving region by removing barriers to opportunity, enhance quality of life, and strengthening local pride.

## **C. Impact on North East Combined Authority Objectives**

This proposal directly addresses the strategic priorities of the Combined Authority as outlined in the North East Deeper Devolution Deal, the Local Growth Plan and the Mayoral Manifesto.

The Deeper Devolution Deal explicitly highlights the region's ambition to develop the cultural, creative, tourism, heritage and sport sectors on a regional basis. Establishing a Centre for Writing is identified in the Local Growth Plan as a major investment which will attract national publishing and other businesses, helping to re-position the industry and grow and develop local talent and businesses.

## **D. Key risks**

A Risk Register is in place to identify the key risks and mitigations and to help NWN and partners to understand what the impacts would be. A fully costed Capital Risk Register will be established and owned and monitored by the SPV partners.

NWN is currently operating a Risk Register for capital development within its own processes as the project develops. The high-level risks for the project comprise:

- Changes to project budgets due to increased inflation or other development elements of the project's completion.
- Successful completion of the fundraising for the refurbishment of the Centre for Writing.
- Keeping all of the key project partners onboard if the development process takes longer than anticipated.
- Operational viability due to profound changes in the operational landscape of culture buildings and venues especially in relation to hospitality partnerships and delivery.

## **E. Financial and other resources implications**

The financial profile for establishing and implementing the proposed approach is as follows:

	(£)
<b>Income</b>	
DCMS Cultural Development Fund (confirmed)	5,000,000
Northumbria University (confirmed in principle)	2,500,000
Newcastle City Council (subject to approval)	1,000,000
North East CA (subject to approval)	2,000,000
Additional fundraising (including National Lottery Heritage Fund, trusts and foundations, other public sources) (To be secured)	853,559
<b>Total</b>	<b>11,353,559</b>

## **F. Legal implications**

The comments of the monitoring officer have been included in this report

## **G. Equalities Implications**

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

## **H. Consultation and engagement**

In developing the proposals set out in this paper engagement has been undertaken with the following groups and organisations: the Mayor, LA7 Chief Executives; LA7 Economic Directors; CCT&S Portfolio Advisory Board; wider engagement undertaken as part of the Interim Local Growth Plan consultation; DCMS; Arms Length Bodies including Arts Council England; and industry and sector partners.

## **I. Appendices**

None.

## **J. Background papers**

[November 2024 Cabinet paper](#) – 'Early Delivery Priorities for Culture, Creative, Tourism and Sport in the North East', pages 87-94



[July 2024 Cabinet paper](#) – ‘The North East CA Strategic Portfolio Plans July 2024 – Culture, Creative, Tourism and Sport’, pages 35-36

**K. Contact officer(s)**

Phil Witcherley, Director of Economic Growth and Innovation

Email: [Phil.Witcherley@northeast-ca.gov.uk](mailto:Phil.Witcherley@northeast-ca.gov.uk)

Mark Adamson, Principal Manager, Sectoral Growth & Delivery

Email: [Mark.Adamson@northeast-ca.gov.uk](mailto:Mark.Adamson@northeast-ca.gov.uk)

**L. Glossary**

DCMS	Department for Culture, Media and Sport
JV	Joint Venture
NU	Northumbria University
NWN	New Writing North
SPV	Special Purpose Vehicle

**Title:** A North East Spatial Development Strategy  
**Report of:** Phil Witcherley, Director of Economic Growth and Innovation  
**Portfolio:** A North East we are Proud to Call Home

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## Report Summary

This report seeks Cabinet support to commence the development of a North East Spatial Development Strategy (SDS). This is a Mayoral Manifesto commitment and a key priority for our second year. The recently published English Devolution and Community Empowerment Bill proposes that all Mayors must prepare and maintain a robust SDS. An SDS will ensure delivery of our Local Growth Plan and help to drive investor confidence in the region by mapping out and agreeing the region's spatial growth priorities and infrastructure requirements.

North East CA's ambition is to be one of the first regions in England to have a SDS. Being an 'early adopter' will send a clear signal to investors and government that the region is ready and focused on growth. This will leverage further funding and investment to bolster infrastructure for the benefit of the region's businesses and communities. This first iteration of the SDS will be a key vehicle to support and add weight to the delivery aspirations of the Combined Authority and our constituent Local Authorities.

The devolution deal already provides us with the powers to develop an SDS, ahead of the introduction of any new legislation. Being one of the first regions to have an SDS in place will accelerate our capability and the opportunities that are available, making it clear that the North East is a great place in which to invest.

An SDS sets the clear long-term vision-led ambitions for a place. It provides strategic policies for the development and use of land. This will help our region implement national scale objectives and priorities to support long-term prosperity, such as those set out in the recently published UK Infrastructure Strategy<sup>1</sup> whilst also reflecting the specific needs of the region, Local Authority areas and cross boundary issues. An SDS integrates spatial objectives with environment, climate, economic and health objectives: from housing, transport and utilities, to governance, environmental protection and economic resilience.

The need for an SDS is driven, in part, by the Government's ambitious planning reforms, which seek to ensure every region has an SDS in place before the end of this parliament. They will support and add weight to the Local Plans produced by our Local Planning Authorities (LPAs) and assist in robust decision making on development, including regionally significant matters.

This report sets out the principles, resource requirements and anticipated timeframes associated with delivering an SDS for the North East, which Cabinet is asked to support.

## Recommendations

Cabinet is recommended to:

1. note the requirement for the Combined Authority to prepare and adopt a Spatial Development Strategy for the region and the ambition to do so by 2028;
2. note the next steps as set out in the report on the governance arrangements to support the development of the Spatial Development Strategy including the Project Initiation Documents and Implementation Plan.
3. approve an allocation of up to £1.5m of resources from the Investment Fund to support this work and to delegate approval of the recruitment, delivery and procurement arrangements to the Chief Executive, in line with the Single Assurance Framework Process.
4. to authorise the Director of Finance and Investment to accept opportunities for any bids or awards of Government funding to support this work, reducing the call on the Investment Fund;

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<sup>1</sup> [CP 1344 – UK Infrastructure: A 10 Year Strategy](#)

## A. Context

### 1. Background and Policy Context

- 1.1 Our *North East we are Proud to Call Home* portfolio seeks to develop approaches for housing, strategic regional infrastructure and spatial planning that support regional growth. The Mayor's Manifesto and Local Growth Plan recognise that unlocking growth in the right locations is fundamental to maximising social and economic impact, investment and delivering real opportunity for our communities, businesses and partners.
- 1.2 Recent Government policy has signalled that Combined Authorities will play a role in addressing strategic planning challenges. The English Devolution and Community Empowerment Bill and the Planning and Infrastructure Bill (expected to achieve royal assent late 2025/early 2026) will set out the requirements and statutory commitment to produce an SDS. If plans are not forthcoming to the timeframe agreed with Government, the Secretary of State will have powers to intervene.
- 1.3 Government has set out a clear role for combined authorities in enabling such growth, by assisting progress toward its target of 1.5 million new homes. Key to enabling a coordinated cross boundary approach on such matters, is the creation of a spatial framework that promotes balanced growth across our region and aligns with our collective environmental goals and net-zero priorities. By working with our LPAs, we will embed collaboration between Authorities and stakeholders to clearly articulate the region's spatial priorities and the key strategic infrastructure required to enable the delivery of these priorities and growth. This will help the region to leverage further investment, with clarity of vision.
- 1.4 Our devolution deal already provides us with the powers to develop an SDS, ahead of the introduction of any new legislation. Having an SDS in place early is considered advantageous, as in doing so, we will be one of the first regions to have clearly set out our growth priorities within a Government-endorsed planning context.
- 1.5 From March 2025, all LPAs who did not have a new Local Plan ready for submission had to produce an updated Local Development Scheme (LDS). These set out the scope and programme for the strategic planning policy documents (known as Development Plan Documents) that LPAs intend to prepare. With the exception of South Tyneside Council, (who already have a new plan submitted for examination) all LPAs have now published their LDS. These show that Local Plan reviews will commence in 2025/26 with a target of 30-months to completion. As such, there is currently a limited window of opportunity for the CA to be able to work with our LPAs to ensure a co-ordinated and mutually supportive approach to data collection and shared evidence. It is anticipated that this evidence gathering could commence over the remainder of 2025, enabling wider external stakeholder engagement and consultation to start in 2026. Progressing of the SDS will be important to ensure that LPAs fulfil their 'Duty To Co-Operate'. It will help to demonstrate effective and proactive collaboration, and in doing so, help to de-risk LPAs Local Plan examinations.
- 1.6 This report sets out the principles, resource requirements and anticipated timeframes associated with delivering an SDS for the North East, which Cabinet is asked to support. The table overleaf provides a project overview:

Project Outline	
Project Name	North East Spatial Development Strategy
Lead Organisations	North East Combined Authority
Delivery Areas	North East Region
Start Date	July 2025
Financial End Date	September 2028
Practical completion date	September 2028
Total Project Value	£1,500,000
Budget Implications	£1,500,000 from Investment Fund



## **2. Spatial Development Strategy Content**

- 2.1 Legislation and guidance<sup>2</sup> on how an SDS should be prepared and what it should contain is highly prescriptive and must be followed. Looking ahead 30 years, an SDS must be kept “high level” in its approach, with policies focussing upon the development and use of land which is of regional strategic importance. It is important to remember that its policies must not extend into detailed matters, such as individual site allocations which are best dealt with through LPA Local Plans<sup>3</sup> or other non-strategic policies. It would identify strategic locations for development and an indication of the scale required.
- 2.2 Whilst further Government guidance is awaited, typically the key strategic planning matters to be included in an SDS relate to promoting ‘sustainable development’ by considering:
- Housing
  - Economy and Employment
  - Town Centres
  - Infrastructure
  - The Natural and Historic Environment

Only broad locations for development would be specified and an indication of the scale required.

- 2.3 Following independent examination by a Planning Inspector appointed by the Secretary of State, the SDS can be formally adopted by Cabinet, and will then form part of the Development Plan of each of our constituent LPAs. Each Local Plan within the region will need to conform with the SDS and effective collaboration is therefore essential, to ensure the SDS and Local Plans are strategically aligned.

## **3. SDS Development Approach**

- 3.1 Working in collaboration with the LA’s Heads of Planning, an approach, areas of work and draft timeline for the production of the SDS have been considered. There is a need to establish an integrated and digitally enabled evidence base that is developed early in the process to shape ambition, vision and strategies. The development of an evidence base and the resource required to deliver this will require external expertise and targeted capacity within the CA. The initial scope and next steps for the development of an SDS would include the following:
- Preparation of a Project Initiation Document (PID);
  - Preparation of timetable to produce SDS;
  - Review all existing relevant LA/CA strategies/priorities to allow reflection in the SDS;
  - Review of the scope of documents / studies required, inc. associated costs;
  - Identification of monitoring requirements;
  - Preparation of a community engagement strategy
  - Agreement of the scope of any early evidence gathering/analysis
- 3.2 Once further Government Guidance is received and the above considered, a formal public announcement will be made on the development of the Vision for the SDS and to set its objectives. A draft of these must then be published for public consultation.
- 3.3 Having considered the current timetable for production of the regions LPAs Local Plans, it is currently estimated that a draft SDS could be produced by late 2027, with adoption the following year. Prior to adoption, the SDS will require an independent ‘Examination in Public’ by a Planning Inspector appointed by the Secretary of State.

## **4. Resource Requirements and Governance**

- 4.1 In order to produce the SDS in a timely and efficient manner, dedicated resource and capacity will be required. It is proposed that the North East CA creates a Core SDS Team. This would be managed by an appropriately qualified and experienced Strategic Planning Lead who will

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<sup>2</sup> [The Combined Authorities \(Spatial Development Strategy\) Regulations 2018](#), with further guidance set out in the [SDS Procedural Practice](#),

<sup>3</sup> [Gov Local Plans Factsheet](#)

collaborate with the LPAs Heads of Planning through an SDS Working Group. Professional support, along with direct commissions will be required to develop a strategic joint evidence base that underpins the development of the SDS vision. Further expertise, advice and guidance to provide a 'critical friend' approach will be required to ensure alignment of process, priorities, stakeholder engagement, clear communication and to achieve a robust approach.

- 4.2 The development of the SDS by the Core Team, in collaboration with the LPAs Heads of Planning will be overseen by a Portfolio Advisory Board Sub Group. The development of the PID will review the governance structures, timescales and further refine cost requirements.

## **5. Next Steps**

- 5.1 Subject to general agreement of the approach set out in this report, it is recommended that the North East should be an 'early adopter' and progress the development of an SDS at pace. Immediate next steps will involve establishing the Core Team, governance arrangements and PID. Further updates on progress will be presented to Cabinet in due course, ahead of any wider external consultation and engagement.

## **B. Impact on North East Combined Authority Objectives**

The creation of an SDS will contribute directly to progressing the Mayor and Cabinet's priorities to support integrated place-based growth set out in the Local Growth Plan.

## **C. Key risks**

Principal risks associated with the development of an SDS is to ensure that sufficient resource is allocated to be able to deliver at pace, commission strategic joint evidence, undertake effective stakeholder engagement and align with Local Plan timescales underway with LPAs. A full risk assessment will be completed as part of the PID, and any requirements set out in North East CA Single Assurance Processes.

## **D. Financial and other resources implications**

An allocation of up to £1.5million is sought from the Investment Fund. Ministry of Housing, Communities and Local Government have confirmed to the CA that revenue resource is available to support co development and co design of SDS and welcome the opportunity to work with areas like the North East that want to be an early adopter. Opportunities for any bids or awards of Government funding to support this work will be explored as and when they present themselves, to reduce the call on the Investment Fund:

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
SDS Core Team and external expertise	200,000	200,000	200,000	<b>600,000</b>
Evidence bases, commissions and engagement	300,000	500,000	100,000	<b>900,000</b>
<b>Total</b>	<b>500,000</b>	<b>700,000</b>	<b>300,000</b>	<b>1,500,000</b>

## **E. Legal implications**

The comments of the Monitoring Officer have been included in this report.

## **F. Equalities Implications**

The North East CA complies with the Public Sector Equality duty and is conscious of the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader.

Equality implications will be considered as part of the Assurance Process and future engagement, with impact assessments undertaken as part of specific policy and project areas.

**G. Consultation and engagement**

A statement of community engagement will form a core part of the development of the SDS.

**H. Appendices**

None

**I. Background papers**

[English Devolution White Paper - GOV.UK](#)

[National Planning Policy Framework - Guidance - GOV.UK](#)

[The Planning and Infrastructure Bill - GOV.UK](#)

**J. Contact officer(s)**

Phil Witcherley

Director of Economic Growth and Innovation

[Phil.witcherley@northeast-ca.gov.uk](mailto:Phil.witcherley@northeast-ca.gov.uk)

Heather Orton

Principal Manager, Housing and Infrastructure

[Heather.Orton@northeast-ca.gov.uk](mailto:Heather.Orton@northeast-ca.gov.uk)

Jamie Reed

Project Manager, Economic Delivery

[Jamie.reed@northeast-ca.gov.uk](mailto:Jamie.reed@northeast-ca.gov.uk)

**K. Glossary**

SDS	Spatial Development Strategy
LPA	Local Planning Authority
LP	Local Plan
PID	Project Initiation Document