

11 September 2026

North East Mayor – Budget Submission

This annex sets out my key asks for the Autumn Budget, structured around our five missions:

- **The home of real opportunity** – Ensuring the benefits of a growing economy and strong public services reach every part of the region.
- **A North East we are proud to call home** – Shaping the places and infrastructure that enables people to build good lives here.
- **Home to a growing and vibrant economy for all** - Supporting the creation of thousands of jobs across the North East, driving higher employment and rising take-home pay.
- **Home of the green energy revolution** - Grasping the opportunity that green energy presents for the North East, transforming our economy, creating thousands of jobs, cutting carbon emissions, and developing the technologies the UK needs to decarbonise.
- **A welcoming home to global trade** - Securing more inward investment and re-investment, helping increase our share of global trade.

The Autumn Budget is an important opportunity to signal Government’s shared commitment to these outcomes as we continue working together to rewire the state to deliver good growth in every postcode and public services that meet people’s needs here in the North East.

The home of real opportunity

1. **A commitment to appropriate funding for vocational pathways and 16-19 education as it is devolved.** The North East continues to experience the highest NEET rate anywhere in the country. Devolution of 16-19 education and of employment support is an important step forward in addressing this, enabling us to simplify a system which is currently fragmented and complex to navigate, tailoring it to the specific needs of people and businesses here in the North East.

However, doing this properly will require additional resource, particularly to provide vocational training courses which, while delivering significant dividends in terms of employment, productivity and growth, also cost more to deliver than many traditional academic subjects.

One immediate step Treasury could take is to review the use of Apprenticeship Levy receipts. While this money is levied for a specific purpose, a portion of it (around £1bn a year) never reaches the apprenticeship budget. If this were devolved to MSAs, including the North East, it could be used to support

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employers to access the skills they need, including by facilitating shorter units and access programmes to supplement national apprenticeships standards, with a focus on young people and newly employed apprentices.

Managing more of the education and employment budgets will also require additional resource at the MSA level, and we ask that Government makes a firm commitment to devolve all programme administration budgets alongside capital and resource funding.

2. **An immediate uplift to adult skills funding.** The North East MSA has already invested £139.4m in Adult Skills since May 2024, creating 140,000 enrolment opportunities across key sectors, including new childcare workforce, foundation learning and construction skills programmes. However, the adult skills funding within the Integrated Settlement represents a real terms cut at a time when there is both a clear need to provide re/upskilling opportunities in emerging sectors - and to ensure appropriate opportunities for those for whom university is not the best route. An uplift to this funding – so that it is at least equivalent in cash terms to what the region has received previously – would be a short-term enabler of enhanced delivery ahead of wider system changes being implemented by 2028.
3. **Support for delivery of the Mayor's Child Poverty Action Plan.** Delivery of our Child Poverty Action Plan – backed by £28.6 million of MSA funding - is now well underway, with over 1,500 families supported to maximise their income and 50 families supported directly through the Mayor's Childcare Grant. However, there is an opportunity to go even further to give every child in the region the best start in life. Long-term evaluation of past programmes like Sure Start shows clear evidence that these interventions have lasting positive impacts on education and health outcomes. If Government prioritises the North East for funding to restore this support – such as through DCMS's Youth Future Hubs and DWP's Youth Hubs – and work with us to deliver it in the spirit of genuine national-regional-local partnership, we can develop more cost-effective, locally responsive, and sustainable ways to provide this vital support to young people at a crucial stage of life.
4. **Support for our VCSE sector.** The North East has already committed £12 million through our Community Impact Fund, including £6 million of dedicated match funding to unlock Better Futures Fund and other outcomes-based investment opportunities. Government should ensure that future waves of the Better Futures Fund are adequately resourced and designed to work through Mayoral Strategic Authorities as place-based convenors. This would enable regions such as the North East to leverage significant additional national, philanthropic and social investment into child poverty reduction, family support and youth opportunity, while simultaneously strengthening VCSE capability, evidence and sustainability. Supporting places such as the North East that bring their own match funding represents strong value for money, attracting external

investment into communities while improving outcomes for vulnerable children and families.

5. **Act immediately to uphold the commitment to put local authorities on a sustainable financial footing.** *Rewiring the State* rightly recognises that Mayoral Strategic Authorities have a critical role in providing strategic leadership, investment and integration, but delivering growth and better public services also depends on strong local government with sustainable finances. We welcome the pace and ambition of the Casey Review and the Government's commitment to reforming children's social care. However, while these reforms are essential to securing long-term sustainability, local authorities need immediate support to manage current pressures and ensure they can successfully deliver the change required. We are therefore urging Government to use the Autumn Budget to provide fair funding, based on need and demand - particularly for children's and adults' social care - while wider reforms and greater investment in prevention take effect.

A North East we are proud to call home

1. **Improving transport affordability and accessibility.** We ask for greater flexibility over our Integrated Settlement so that we can increase the proportion of transport funding usable as revenue support. This will mean we can keep improving affordability and access for local people: maintaining our hugely successful £1 fare for young people; extending the Government's £2 bus fare across the transport network; and expanding bus services where communities need them most. This is a massive help to people's cost of living and reduces the barriers for many to move around the region for education and work to expand their opportunities.
2. **Building transport infrastructure to unlock growth.** We need long-term funding certainty for the priority transport projects needed to realise the economic and social benefits of a better-connected region. These are the schemes that will unlock growth, connect communities and improve national resilience:
 - **Leamside Programme** – Reopening the Leamside Line in full, starting with Metro to Washington and then a new line between Pelaw and Ferryhill, is a once-in-a-generation opportunity to unlock homes and jobs, connect communities to opportunity, and strengthen capacity and resilience on the East Coast Main Line.

We welcome the Government's commitment to progress the scheme through our Northern Powerhouse Rail compact agreement. To deliver Metro to Washington, the MSA needs a long-term commitment to transport capital funding, uprated for inflation beyond

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2032; and funding to build the Metro route to mainline rail standards. We are also seeking £20 million from the Department for Transport to take forward the development of the Leamside South Business Case at pace, as part of agreed plans for Northern Powerhouse Rail.

As part of the Leamside Programme we also seek Government's support to take forward complementary schemes including upgrading the Stillington Line to create an additional Tyne-Tees passenger link and through route for freight to avoid the East Coast Mainline, and rail industry work to enhance the capacity and resilience of the existing East Coast Mainline and Newcastle Central station.

- **Metro re-signalling** – The Department for Transport has assured Nexus that Metro re-signalling will be funded in full across Spending Review periods. The Autumn Budget is an opportunity to reaffirm that commitment publicly, subject to completion of a full business case, and show that Government is backing good growth in all parts of the country.
- Our new North East **Rail Vision** will set out a clear ask for Government, Great British Railways and the wider rail industry to work with us on a funded, phased programme of rail improvements: integrating local rail into the Angel Network, securing more frequent and reliable services, improving rolling stock, stations and accessibility, progressing the Leamside Line, expanding rail capacity and freight, and developing a pipeline of future network extensions. This should include support to take forward an **extension of the Northumberland Line** to Newbiggin-on-Sea, building on the success of the reopened line and helping coastal communities share more fully in the benefits of growth.
- **Strategic Road Network improvements north of Newcastle, including A1 dualling between Morpeth and the Scottish Border** – The A1 is a vital economic corridor linking the North East with Scotland and connecting communities across Northumberland. Recent serious collisions underline the need for action. We welcome the Prime Minister's commitment to explore alternative funding for dualling and want to work with Government to turn that commitment into a deliverable plan.

On the A19, Moor Farm Roundabout remains a clear priority because of congestion and safety pressures. We welcome its inclusion in Roads Investment Strategy 3 and ask Government and National Highways to move quickly from consultation to decision and construction.

3. **Additional support for housebuilding, with a focus on social and affordable housing and building sustainable communities.** Confirmation of initial allocations from the Social and Affordable Homes

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Programme, including an estimated £445m for providers and strategic partners in the North East, was welcome. However, confirmation of the process and timeline for confirming and dispensing further allocations would give the sector the long-term certainty needed to bring forward a full pipeline of sites, including those with the biggest viability gaps or complex remediation requirements.

We also support the Prime Minister's emphasis on council house building but note that this will require sufficient funds to be allocated to the region to build the capacity and skills needed to deliver. This must also recognise that a blended approach to delivery by both regulated providers and Councils will be needed to meet this ambition.

Government also needs to provide the policy certainty for mayors to make progress. For example, to accelerate the development of Spatial Development Strategies, mayors need clarity on statutory guidance and the timetable for relevant secondary legislation. This is particularly important in the North East, where these would help progress development within our Mayoral Development Zones in Newcastle-Gateshead, Sunderland and Durham.

- 4. Stronger devolved powers to tackle rogue commercial landlords and empty properties.** The Prime Minister's commitment to give local communities more powers to address the proliferation of vape shops and adult gaming shops on high streets - and the Housing Secretary's move to strengthen protections for community spaces like pubs - is welcome. But there is scope to go further.

Too often, we hear from our local authorities and from business owners that high streets are suffering as a result of absentee landlords, but that there is nothing they can do about it. We would welcome a conversation about how to address this – including exploring the potential to give the Mayor stronger CPO powers to force the sale of underutilised properties on high streets.

Home to a growing and vibrant economy for all

- 1. £500m over five years for a new North East Growth Fund to invest in our people, places and key growth sectors.** This would represent a significant downpayment on the Government's commitment to deliver good growth in every postcode and maximise the benefits of fiscal devolution by enabling a significant programme of investment to unlock development and generate the activity from which future revenue growth will arise.

This £500m could be split between grant and recyclable funding, capturing the benefits of a varied portfolio of investments across:

- **£175m of grant funding to address viability challenges on key housing and commercial sites, turbocharging the region's Mayoral Development Zones** in Sunderland, Newcastle, Gateshead and Durham. As well as helping to bring forward sites with significant growth potential, this funding could also be used to support wider regeneration – including improvements to existing housing stock – that will have wider social benefits as well as strengthening investor confidence and creating the conditions for future private investment.
- **£100m of Government debt and equity match-funding to support an expansion of the Mayoral Strategic Authority's recently launched North East Funds.** We know that businesses in the North East face bigger barriers to accessing growth finance than in other parts of the country. That is why the MSA's biggest investment to date has been to put £100m into our businesses through the North East Funds. This has already seen more than £9.4m deployed across 35 SMEs in the first quarter of operation, leveraging £11.7m of private sector funding.

We welcome the recent announcement of £150m of investment into scale-up businesses here in the North through the British Business Bank. However, Government could go further by co-investing in the North East Funds, extending the benefits of this investment across a wider range of businesses, and signalling support for – and confidence in – our high potential companies.

- **£50m of grant, debt and equity to invest in our key sectors and innovation clusters.** As well as investing directly into high potential businesses through the North East Funds, we are currently developing a rapid sector growth fund proposition for the region, aimed at unlocking the priorities identified in our Local Growth Plan. £50m of Government funding would be potentially transformational for sectors where the region already has a growing presence, from defence to creative industries; as well as in the economy of the future across tech, digital and AI. This funding would help ensure that the North East has the enabling environment necessary for industries to innovate and grow, providing them with access the latest technology and cutting-edge physical and digital infrastructure.
- **£150m of grant, debt and equity funding to invest in our ports and key industrial sites, including the Port of Tyne, International Advanced Manufacturing Park and Northumberland Strategic Investment Site.** Recent disruption at the Port of Tyne is a reminder of the critical importance of key industrial sites like this to the region's economy. Building on Government's support for the North East Ports Taskforce, and the new Strategic Partnership between the North East MSA and the National Wealth Fund, additional funding for these sites would help accelerate investment and create green jobs

that benefit local people.

- **£25m of grant funding to support our high streets**, building on the work of the Mayor's High Streets Commission. The Prime Minister has rightly recognised that high streets are a key source of pride in communities across the country, but this importance needs to be recognised with appropriate funding to secure their future.

2. **Fiscal devolution that gives us the firepower needed to make long-term investment into our people and places.** Keeping more of the tax raised in the region here to reinvest, and the freedom to introduce an Overnight Visitor Levy, is a potentially transformative opportunity for the North East. Giving mayors the flexibility to invest in the priorities they were elected to deliver is a vital step on the road to genuine devolution, while also providing a clear incentive to drive economic growth.

For fiscal devolution to achieve these outcomes, it must:

- **Unlock additional funding.** MSAs have already shown their capacity to progress major capital investments. As well as giving MSAs greater firepower to scale this delivery, fiscal devolution should also ensure that regions also have the appropriate resource funding to design and deliver and them.
- **Give us the certainty to make these long-term investments.** It is vital that Government implements a funding safety net which gives MSAs this certainty.
- **Redress, rather than entrench, existing regional inequalities.** Fiscal devolution can help achieve this, but to do so it must be designed on the basis of need, and growth potential, rather than current ability to raise revenue.

Home of the green energy revolution

1. **Building on the additional investment called for above, we also need stronger domestic content requirements in future offshore wind leasing rounds to help secure supply chain investment in the region.** The North East strongly welcomed The Crown Estate's plans to launch Offshore Wind Leasing Round 6 early next year off our coast. To deliver the full economic benefits of this Leasing Round for the North East and for the country, we want to work with Government and with The Crown Estate to explore options to secure a greater percentage of domestic content in the offshore wind supply chain.
2. The region also has a significant untapped potential around geothermal energy. County Durham and Gateshead sit above the

Weardale Granite, one of the UK's largest heat-producing granite formations, with long-term potential for clean, firm heat and power. Our ask is for **an initial £20m public investment to de-risk three geothermal demonstrator projects, which could unlock up to £1bn private investment, heat network delivery and lower-cost clean heat**. This will fund desk top studies, surveys and a 2.5 km slim characterisation borehole at sites at Gateshead, Durham City and Newlandside (near Stanhope).

A welcoming home to global trade

1. **Back Inward Investment Plans to strengthen the North East defence industry**

The region is ready to deliver on more than £100m of investment in County Durham with a new, high-value facility based at NetPark that would strengthen UK space and defence supply chains, create hundreds of new jobs and bring significant economic benefits for the region and the UK as a whole. After substantial dialogue and a powerful business case, we need a clear, positive decision from Government to enable this.

2. **Formally recognise mayors as trade envoys.** This would be a quick win, boosting mayors' status as representatives of our region – and of the UK as a whole – on overseas missions, and providing access to the support of the UK's global network of embassies in promoting our investment propositions to the world.

3. **Support us to land major inward investment opportunities.** Building upon our pilot activity with the Office for Investment, our Invest North East: Energy & Innovation Summit and associated trade mission activity, the North East would welcome Government support to accelerate existing largescale inward investment opportunities to land in the region, including to maximise the social and economic benefits of major potential investment in sport and regeneration in the Leazes Quarter of Newcastle. We would greatly value undertaking further joint dialogue with potential major investors interested in the North East and examine the scope to push opportunities towards making Final Investment Decisions.