Overview and Scrutiny Committee

Thursday 14 October 2021 at 2.00pm

Meeting to be held at Whickham Room, Gateshead Civic Centre

www.northeastca.gov.uk

AGENDA

Contact Officer: Toby Ord
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Agenda Item 3

North East Combined Authority, Overview and Scrutiny Committee

Thursday 17 December 2020
(2.00pm – 3.00pm)

Meeting held virtually via Microsoft Teams

Present:

Independent Members: Mr D Taylor-Gooby (Chair) and Mr S Hart (Vice-Chair)

Councillors: J Welsh (South Tyneside), M Clarke (Durham), A Mullen (Sunderland), D MacKnight (Sunderland), J Eagle (Gateshead), J Wallace (Gateshead – present during Items 6-8)

Officers: N Robason (Monitoring Officer, NECA), G Armstrong (Policy and Scrutiny Officer, NECA), J Lunness (Strategy and Democratic Services Assistant, NECA), Eleanor Goodman (NECA Finance Manager), Rory Sherwood-Parkin (Senior Economic Policy Manager, South Tyneside Council), B Handson (Strategy and Democracy Support Officer, South Tyneside Council), S Gwillym (Principal Overview and Scrutiny Officer, Durham County Council), Angela Frisby (Overview and Scrutiny Co-ordinator, Gateshead Council)

1. **APOLOGIES FOR ABSENCE**

    Apologies for absences were received from Cllrs G Kilgour, W Flynn, R Crute, A Batey and Catherine Auld (Assistant Director of Economic Development – Sunderland Council).

2. **DECLARATIONS OF INTEREST**

    Cllr J Eagle declared an interest as an employee of NEXUS although has dispensation to discuss and vote on matters relating to this.

3. **MINUTES OF THE MEETING HELD ON 1 OCTOBER 2020**

    The minutes were approved as a correct record.

4. **NECA BUDGET PROPOSALS 2021/22**

Submitted: Report of the Chief Finance Officer, NECA (previously circulated and copy attached to the official minutes).

Eleanor Goodman, NECA Finance Manager, presented the report which updated the Committee on the budget proposals for 2021/22 and future years in line with the budget consultation process.

It was noted that a small increase to the corporate budget is anticipated, with costs per constituent authority rising from £22,857 to £25,000, although it was highlighted this is the first time for such an increase. Contributions for the Joint Transport Committee Accountable Body Role are to be maintained at £10,000 per constituent authority.

The Committee noted that SLAs had been reviewed, documented and formalised to ensure the accurately reflect support to NECA and the JTC.

AGREED – That:
i.   the report be noted.

5.   **IMPACT OF EU EXIT ON THE NORTH EAST (INCLUDING REGIONAL FUNDING)**

Submitted: Report of the Corporate Director of Regeneration & Environment and Acting Head of Paid Service, South Tyneside Council (previously circulated and copy attached to the official minutes).

Rory Sherwood-Parkin, Senior Economic Policy Manager at South Tyneside Council, presented the report and delivered a presentation on the potential impact of the end of the EU transition period on 31st December 2020 on the NECA area, particularly in relation to the economy and funding.

The presentation covered the following issues:
- Economic Impact
- Labour Market Impact
- UK Shared Prosperity Fund
- Impact on NECA
- Next Steps

Main points of the presentation included:
- Any trade disruption will impact exporters, importers and complex supply chains;
- There will be an impact regardless of a deal or no deal, but would be more severe in a 'no-deal' scenario;
- Larger firms more prepared than SMEs;
- End of free movement on 1 January 2021 regardless of any deal, with changes impacting on businesses ability to fill skills gap;
- 23% of North East employers are concerned about a skills gap;
- European Structural and Investment Funds (ESIF) ends on 31 December 2020, with the current programme spend continuing to June 2023;

- UK Shared Prosperity Fund (UKSPF) not available until 2022, with Government a transition fund of £220m for 2021/22;
- UKSPF will be split between 'people' and 'place' projects;
- Both short term and long term impacts, including likely depressed growth and an impact on the NECA Economic Plan and investment ambitions;
- Local Authorities are ramping up communications to businesses with signposting to North East Growth Hub and Government Advice to help prepare.

During discussion of the presentation, a Member noted that after leaving the EU, residual funding from the previous cycle of ESIF will continue until June 2023 and so although the UK has left it may feel like we are still benefitting from that, however longer term the future is not clear. Concerns were raised by a Member that after the referendum was held in 2016, there is still no clarity on the UK Shared Prosperity Fund being provided by the Government and noted that £220m to prepare in 2021/22 does not compare the previous amounts received from ESIF. The importance of continuing to lobby Government on these issues was stressed.

Concerns were raised by a Member regarding the points-based system which makes it difficult for workers from abroad to gain access to the labour market. It was noted by the Member that the impact on Brexit on industries which currently thrive in the North East, such as offshore energy, remains unclear. Rory Sherwood-Parkin also noted that the impact on Foreign Direct Investment remains unknown.

The Vice-Chair raised the issue of the skills gap in the North East and the continued pressure on adult social care, both of which were noted in the presentation. The Vice-Chair made the point that these were two problems for the region before the UK's exit from the EU and so it may be useful for the Committee to have update reports on their current position to allow the impact of Brexit on these issues to be monitored.

The Chair questioned whether the UK Shared Prosperity Fund would be able to match the previous European Union funding in the North East. Rory Sherwood-Parkin explained that whilst the Government has committed to match the annual level of EU funding, it is not known by when that commitment will be fulfilled and whether it will match the regional breakdown of that funding.

AGREED – That:
  i.   the report and presentation be noted.

6.   **COVID-19 REGIONAL ECONOMIC RECOVERY**

Submitted: Report of the Chief Executive, Sunderland City Council (previously circulated and copy attached to the official minutes).

Rory Sherwood-Parkin, Senior Economic Policy Manager at South Tyneside Council, presented the report which provided Members with an update on the economic recovery work taking place across NECA and the NELEP areas.

Rory Sherwood-Parkin delivered a presentation which covered the following topics:

- Economic Impact
- Labour Market Impact
- NECA and LA Response
- Government Announcements
- Next Steps

Main points of the presentation included:
- Ernest & Young estimates a 12% fall on GVA in the North East, with the region being hit hard due to the high proportion of jobs in effected sectors, e.g. hospitality, visitor economy, retail;
- There has been a significant decrease in footfall in town and city centres across the NECA area;
- Rises in unemployment higher in the region compared to the UK nationally, with a rise in the claimant count in the NECA area, particularly amongst 18-24s;
- Vacancy levels are recovering in the region;
- Grants and support continue to be rolled out across the region.

During discussion, the Chair noted that additional work such as signposting businesses and residents to the support available is being expected of local authorities currently and queried if funding would be increased.

A Member sought clarification over the grants available to wet-led pubs. This was confirmed by Rory Sherwood-Parkin as £1000 for the month of December.

AGREED – That:
   i.   the report and presentation be noted.

7.   **FORWARD PLAN AND SCRUTINY WORK PROGRAMME UPDATE**

Submitted: Report of the Policy and Scrutiny Officer (previously circulated and copy attached to the official minutes).

Gavin Armstrong, the Policy and Scrutiny Officer, presented the report which provided Members with the opportunity to consider items on the Forward Plan and the Work Programme of the Committee for 2020/21.

The Committee noted that a joint informal briefing was held with the North of Tyne Overview and Scrutiny Committee on 13 November 2020, as well as an informal meeting of the Committee with the North East Local Enterprise Partnership in November to discuss the impact of Covid-19 on the region.

It was questioned if the Thematic Reports from Thematic Leads to the Committee would be resuming. The Policy and Scrutiny Officer noted that some changes to Thematic Leads had been approved at the Leadership Board held 15 December 2020 and that this could be requested for the Municipal Year 2021/22.

AGREED – That:
   i.   the report be noted.

8. **DATE AND TIME OF THE NEXT MEETING**

25 March 2021 at 2.00pm.

North East Combined Authority, Overview and Scrutiny Committee

Thursday 25 March 2021
(2.00pm – 3.45pm)

Meeting held virtually via Microsoft Teams

Present:

Independent Members: Mr D Taylor-Gooby (Chair) and Mr S Hart (Vice-Chair)

Councillors: G Kilgour (South Tyneside) [Items 1-5], D MacKnight (Sunderland) [Items 1-4], J Eagle (Gateshead) [Items 4-8], R Crute (Durham) [Items 1-8], A Mullen (Sunderland) [Items 1-4]

Also present: Cllr T Dixon (Thematic Lead – Economic Development and Digital)

Officers: G Mansbridge (Head of Paid Service, South Tyneside), G Armstrong (Policy and Scrutiny Officer, NECA), J Lunness (Strategy and Democracy Support Officer, South Tyneside), Eleanor Goodman (NECA Finance Manager), Rory Sherwood-Parkin (Senior Economic Policy Manager, South Tyneside Council), Alan Welby (Innovation Director, North Easter Local Enterprise Partnership), K Connolly (Strategy and Democracy Officer, South Tyneside), S Gwillym (Principal Overview and Scrutiny Officer, Durham County Council), Angela Frisby (Overview and Scrutiny Co-ordinator, Gateshead Council), Nicola Robason (Monitoring Officer, Core NECA)

QUORUM

The Committee was informed that the meeting was not quorate and therefore if members wished to proceed, any decisions taken would need to be ratified at the next quorate meeting.

1. **APOLOGIES FOR ABSENCE**

   Apologies for absences were received from Cllr J Wallace (Gateshead), Cllr W Flynn (South Tyneside), Cllr A Batey (Durham) and Helen Golightly (NELEP).

2. DECLARATIONS OF INTEREST

Cllr G Kilgour declared an interest in relation to Item 4 as a Trustee and Director of Hedworthfield CA.

3. MINUTES OF THE MEETING HELD ON 17 DECEMBER 2020

The Committee was inquorate and therefore unable to approve the minutes of the previous meeting, although it was noted there were no matters arising from the minutes. The formal approval of the minutes was deferred to the next meeting.

4. COVID-19 REGIONAL ECONOMY RECOVERY

Submitted: Report of the Head of Paid Service, South Tyneside Council (previously circulated and copy attached to the official minutes).

Cllr T Dixon, Thematic Lead for Economic Development and Digital, introduced the report. Cllr Dixon noted the widespread impact Covid-19 has had on the economy, including a large drop in footfall to town centres, increased redundancies and an increased claimant count in the NECA area. It was highlighted that across the NECA region, local authorities continue to support residents and local businesses.

G Mansbridge delivered a presentation providing a summary of the economic impact of Covid-19 and an outline of plans for a sustainable economic recovery. The presentation covered the following topics:

- Economic impact;
- Labour market impact;
- NECA LA response;
- March 2021 Budget;
- Recovery and Renewal Deal;
- Other Government announcements;
- Next steps.

Members noted that Covid-19 had caused a profound economic shock with NECA particularly hard hit due to the high proportion of at-risk sectors. It was explained that global supply chains have been disrupted which has impacted manufacturers, however Members noted that business confidence is beginning to increase and sectors such as digital, construction and low-carbon are performing well.

It was noted that there has been a national rise in unemployment, with the North East having the highest levels outside London. It was explained that furlough could be distorting the real effects and that 18-24 year olds are particularly hard hit.

NECA and Local Authorities response was outlined, with information provided on the various grant schemes and support available for businesses. Information was given on the March 2021 Government Budget, including the extension to furlough, business rates holiday and Universal Credit uplift expiring September 2021.

Members noted the North East wide Recovery and Renewal Deal which included £2.8 billion of investment, clean growth and an inclusive economy, in addition to a focus on connectivity and place-based funding for towns and cities.

Updates on the Job Centre Plus Restart programme, National Infrastructure Strategy, the new subsidy regime and the Energy White Paper and Skills for Job White Paper were noted by the Committee. It was highlighted that a White Paper on Devolution is awaited.

It was noted that NECA will continue to support business and residents by rolling out grant support schemes and monitoring the impact of Covid-19. NECA will continue to work with regional partners, including the NELEP.

During discussion, a Member queried if the Job Retention Bonus of £1000 is still offered. It was noted that this scheme is no longer offered by Government. It was raised that although furlough and other schemes have been extended to September 2021, there remains a possible cliff edge at that point if support is withdrawn.

A Member noted disappointment that the North East Freeport Bid had been unsuccessful. Concerns for future uncertainty were stressed, notably regarding funding and the replacement for previous EU funding streams such as the UK Shared Prosperity Fund (UKSPF). The Member highlighted the lack of detail surrounding the replacement schemes or the allocation system for these schemes. Members noted that in the past, EU schemes had objective criteria, however for UKSPF bids for funding will be required.

A Member suggested that the Committee could encourage the NECA Leadership Board to lobby government regarding the uncertainty of future funding streams and the complexities of the allocation systems. It was noted that the process for applying for EU funding was also complicated and that UKSPF could be an opportunity to target funding where it is most needed, although the Government has not yet published further detail and so NECA could have an opportunity to put forward their concerns about the UKSPF. The Committee agreed that their view on this issue should be conveyed to Leadership Board.

It was queried by a Member if thought had been given to the possibility that after Covid-19, there may be a loss in the public sector of experienced specialists which could have significant consequences, including on mental health. It was agreed that it was important to have a social recovery alongside an economic recovery and that Covid-19 has put a large strain on communities in the area.

RECOMMENDED – That:
  i.   the report be noted;
  ii. a form of words regarding the uncertainty of funding streams and allocation systems be drafted and circulated to Committee Members before being sent to the NECA Leadership Board for consideration.

5.   **DIGITAL CONNECTIVITY**

Submitted: Report of the Head of Paid Service, South Tyneside Council (previously circulated and copy attached to the official minutes).

Cllr T Dixon, Thematic Lead for Economic Development and Digital, introduced the report. Cllr Dixon underlined the importance of digital connectivity, particularly in relation to the post-Covid economic recovery.

G Mansbridge delivered a presentation providing the work to date in the NECA area on digital connectivity. The presentation covered the following topics:

- Importance of digital connectivity;
- Previous NECA and North East work;
- Current position;
- Recent investment and plans;
- Gaps (and Government plans);
- Regional work;
- Digital inclusion and skills;
- Next steps.

The presentation underlined the importance of digital connectivity to residents and businesses in the NECA area, including the boost to productivity and business growth. The example of Digital Durham which has rolled out superfast broadband to non-commercially viable areas was noted, with over 87,000 premises in the NECA area now accessing superfast broadband.

Members noted that all four constituent local authorities are engaging with providers on commercial rollouts, however it was noted that not all areas will be commercially viable. It was highlighted that DCMS is focussing on hard to reach areas through the UK Gigabit Programme which will provide £5 billion funding over 5 years.

Work with the NELEP in this area to support digital businesses and skills provision is ongoing and digital forms a key part of the Renewal and Recovery Plan submitted to Government.

It was highlighted to Members that there are high rates of digital exclusion in the NECA area, with the North East having the highest rate of digitally excluded. The importance of collaboration between private sector, NECA and the NELEP to drive gigabit capability and focus on digital skills was noted.

During discussion, a Member commended the scheme but noted that it is vitally important to ensure no area is left behind, highlighting in particular the rural areas of NECA. It was agreed that rural areas pose a challenge and the requirement for a whole regional approach was discussed.

RECOMMENDED – That:
   i.   the report and presentation be noted.

6. UPDATE FROM THE NORTH EAST LOCAL ENTERPRISE PARTNERSHIP

Submitted: Report of the Chief Executive, North East Local Enterprise Partnership (previously circulated and copy attached to the official minutes).

Alan Welby, Innovation Director at the North East Local Enterprise Partnership (NELEP), presented the report. The work of local authorities and the NELEP to support business was noted, including the collaborative approach in the region.

It was noted that Covid-19 has disproportionately effected the most deprived and communities and further exacerbated existing issues. However, it was explained that some sectors have seen growth through the pandemic such as pharmaceutical companies and there has also been an increase in the NELEP area of people starting business with an 8.5% increase compared to the previous year.

The importance of the NELEP's Growth Hub was discussed, which deals with business' issues and signposts them to available support. The NELEP has also been working with businesses to innovate solutions for problems posed by Covid-19, such as creating safe, in-person activities and providing home-based services. It was noted that the NELEP area was allocated £47 million in the Getting Building Fund for shovel-ready schemes.

Disappointment that the North East's innovative Freeport bid was not selected by Government was expressed, however it was stressed that the work and innovation that went into preparing the bid should not be wasted and work with the Tees Valley should continue in this regard.

The NELEP continues to work well with partners across the region, including NECA, the North of Tyne Combined Authority (NoTCA) and the LA7. It was noted that the Government's Industrial Strategy has been ended and a new Building Back Better plan has been announced which will be led by the Treasury as opposed to the Department for Business, Energy and Industrial Strategy (BEIS) as previous.

During discussion, it was queried by a Member if there is any work ongoing to encourage the use and production of more electric vehicles in the region. It was noted that the NECA area is ideally placed to capitalise on this opportunity and it is a key focus for the NELEP, with a scheme called EV North launched.

A Member queried if the number of new jobs included displaced or upskilled jobs. It was noted that the NELEP's aim is to maintain and grow jobs in growth sectors, and if someone moves job through upskilling that would count as a new job in terms of statistics.

A Member noted the substantial activity across the NELEP area, although it was suggested that it may be useful in terms of scrutiny for the Committee if reports could be provided to inform where the NELEP may be falling behind in its intentions for projects. It was noted that risk logs and Red Amber Green (RAG) reports are provided for projects, although more information could be provided to make it easier to follow a project's progress.

RECOMMENDED – That:
    i.   the report and presentation be noted.

7.   FORWARD PLAN AND SCRUTINY WORK PROGRAMME UPDATE

Submitted: Report of the Policy and Scrutiny Officer (previously circulated and copy attached to the official minutes).

Gavin Armstrong, the Policy and Scrutiny Officer, presented the report which provided Members with the opportunity to consider items on the Forward Plan and the Work Programme of the Committee for 2020/21.

It was noted that on the work programme in June 2021 is 'Proposed Work Programme Framework 21/22' which will provide information on the overview and scrutiny functions of the Committee and how this can be reported back to Leadership Board.

The Chair requested that a further progress update on the Digital Connectivity programme be brought to the Committee.

A Member highlighted that in the new municipal year the Committee Membership may change and so it would be helpful to reconsider the work programme at that stage, however it was suggested it would be useful to have a degree of flexibility to consider any items as required.

RECOMMENDED – That:
    i.   the report be noted.

8.   DATE AND TIME OF THE NEXT MEETING

To be confirmed.

Overview and Scrutiny Committee

Date: **14 October 2021**

Subject: **CV19 Regional Economic Recovery**

Report of: **Rory Sherwood-Parkin, Senior Economic Policy Manager**
South Tyneside Council

Executive Summary

This covering report provides an outline of the current economic and labour market position for the NECA economy. The Committee will receive a detailed presentation at the meeting. The presentation notes the following key findings:

- Macro-Economic picture is improving

- Unemployment has come down faster than predicted and labour market fallout has been felt keenest in some of our most disadvantaged communities

- Furlough and vacancy data suggest labour market mismatch

- Footfall in NECA cities remains below pre-pandemic levels, but is close to pre-pandemic levels in towns

- Business confidence picking up, but supply chain blockages and staff shortages are harming growth.

Across the range of indicators examined in the presentation an overall picture emerges of a situation that is better than originally expected but with significant challenges and uncertainty remaining.

Recommendations

The Overview and Scrutiny Committee is recommended to note the contents of the presentation.

Overview and Scrutiny Committee

1.   Background Information

1.1   This presentation on CV19 regional economic recovery will outline the economic and labour market impact upon the NECA area of the CV19 pandemic. It will describe the response from NECA and the four constituent authorities to this unprecedented economic shock, the wider regional response and the ongoing concerns, and opportunities, currently seen in the NECA area.

2.   Proposals

2.1   There are no proposals being put forward as the presentation is for information and discussion.

3.   Reasons for the Proposals

3.1   Not applicable.

4.   Alternative Options Available

4.1   Not applicable

5.   Next Steps and Timetable for Implementation

5.1   Not applicable.

6.   Potential Impact on Objectives

6.1   None.

7.   Financial and Other Resources Implications

7.1   None

8.   Legal Implications

8.1   None

9.   Key Risks

9.1   None

10.   Equality and Diversity

10.1   None

Overview and Scrutiny Committee

11. **Crime and Disorder**

11.1 None

12. **Consultation/Engagement**

12.1 None

13. **Other Impact of the Proposals**

13.1 None

14. **Appendices**

14.1 None

15. **Background Papers**

15.1 Economic data from North East Data Hub here

16. **Contact Officers**

16.1 Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council, rory.sherwood-parkin@southtyneside.gov.uk, 07812 514 191.

17. **Sign off**

17.1
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

Overview and Scrutiny Committee

Date: **14 October 2021**

Subject: **Digital Exclusion in the North East**

Report of: **Michelle Rainbow, Skills Director, North East Local Enterprise Partnership**

Executive Summary

This report provides a background to a recent report on Digital Exclusion in the North East published by the North East Local Enterprise Partnership. The executive summary to the report is attached as appendix 1 and the presentation at the committee will outline the key findings.

Digital exclusion, where people lack digital skills, connectivity and accessibility, has been recognised as a problem for several years. However, the problem has been exacerbated by Covid-19, where access to the internet and digital devices has been vital for accessing goods and services and maintaining social contact.

Key recommendations of the report include – intervention across many groups and communities, and a co-ordinated response form education, business, voluntary and public sector to help address a large and complex issue. The report notes that there has been recent progress made on improving digital inclusion and this offers an opportunity to roll out successful approaches more widely across the region.

Recommendations

The Overview and Scrutiny Committee is recommended to note the contents of the presentation.

Overview and Scrutiny Committee

1.   Background Information

1.1   This presentation on Digital Exclusion outlines the increasing importance of digital skills, the impact of digital exclusion and how a strategic regional approach to tackling digital exclusion is required to reverse the increasing digital divide.

2.   Proposals

2.1   There are no proposals being put forward as the presentation is for information and discussion.

3.   Reasons for the Proposals

3.1   Not applicable.

4.   Alternative Options Available

4.1   Not applicable

5.   Next Steps and Timetable for Implementation

5.1   Not applicable.

6.   Potential Impact on Objectives

6.1   None.

7.   Financial and Other Resources Implications

7.1   None

8.   Legal Implications

8.1   None

9.   Key Risks

9.1   None

10.   Equality and Diversity

10.1   None

Overview and Scrutiny Committee

11.   **Crime and Disorder**

11.1   None

12.   **Consultation/Engagement**

12.1   None

13.   **Other Impact of the Proposals**

13.1   None

14.   **Appendices**

14.1   Digital Exclusion in the North East LEP Area: Executive Summary

15.   **Background Papers**

15.1   None

16.   **Contact Officers**

16.1   Michelle Rainbow, Skills Director, North East Local Enterprise Partnership
michelle.rainbow@nelep.co.uk

17.   **Sign off**

17.1
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18.   **Glossary**

18.1   None

Digital Exclusion in
the North East LEP Area:
Executive Summary

September 2021

North East
Local Enterprise Partnership

Introduction

In today's world digital skills are becoming increasingly important. They can connect people to education and training, better jobs, social interaction, and public services, as well as providing access to cheaper products and services online.

Digital exclusion, where people lack digital skills, connectivity and accessibility, has been recognised as a problem for several years. However, the problem has been exacerbated by Covid-19, where access to the internet and digital devices has been vital for accessing goods and services and maintaining social contact.

With increasing aspects of life taking place online, a strategic regional approach to tackling digital exclusion is required to reverse the increasing digital divide.

About the research

In March 2021 the North East LEP and its Skills Advisory Panel (SAP) commissioned New Skills Consulting (NSC) to undertake research into the nature and extent of digital exclusion in the North East, focusing primarily on the economic and skills-related impacts of digital exclusion.

The following key research tasks have been undertaken to inform the report:

Comprehensive review of current data, reports and policy documents

Mapping and gapping of current solutions and interventions

Consultations with 45 colleagues from education, training and employment support

Online survey with 30 schools and colleges from the North East LEP area

Defining digital exclusion

There is no single, agreed definition of digital exclusion and, rather than being an absolute term, it is a spectrum on which people experience different facets of exclusion to a greater or lesser extent. There is, however, broad recognition that the main ways in which people experience digital exclusion are:

Devices
Lack of access to adequate or appropriate digital devices.

Connectivity
Lack of internet access due to poverty or unreliable service.

Skills
Lack of appropriate digital skills to enable engagement in learning or employment.

Confidence
Lack of confidence in using digital devices and engaging with online services.

Resistance
Some people don't want to develop digital skills or don't understand the benefits of digital engagement.

Who is digitally excluded?

Different aspects of digital exclusion can affect a broad range of people. However, research[1] shows that people from disadvantaged and socially excluded groups are more likely to experience digital exclusion than others, including:

Older people

Without a job

Lower income groups

Living in social housing

People with disabilities

Low educational qualifications

Living in rural areas

Homeless

First language is not English

Digital exclusion in the North East

It is difficult to quantify the extent of digital exclusion in the North East because there is limited data available at a regional and sub-regional level. Nevertheless, available data[2] indicates that the region is one of the worst affected in the UK.

Indicator	North East	England Av.
Proportion of people offline	8%	5%
Proportion with low levels of digital engagement	32%	28%
Confidence in using the internet	83%	86%
Digital skills improvement during Covid	23%	29%
Passive and uncommitted internet users	32%	20%

Office of National Statistics data for 2020 indicates that in the North East there are approximately 61,000 lapsed users (those who last used the internet more than three months ago) and 176,000 adults who have never used the internet.

Feedback gathered during the research also indicates that digital exclusion impacts learners across the North East, particularly in settings with a higher proportion of learners from disadvantaged backgrounds. The key barriers they face are lack of access to devices, broadband connectivity and parental support.
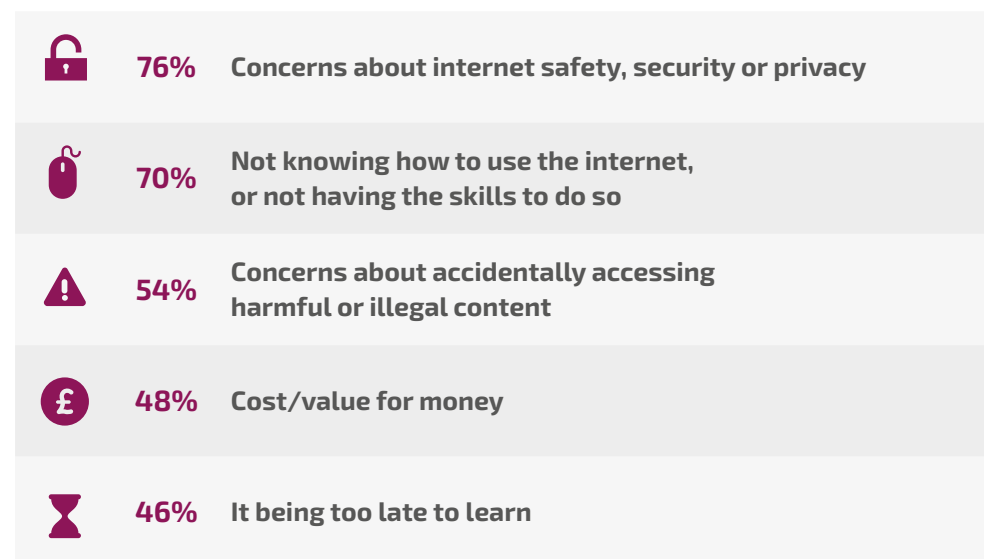
1   https://digital.nhs.uk/about-nhs-digital/our-work/
    digital-inclusion/what-digital-inclusion-is

2   Source: UK Consumer Digital Index 2021, Lloyds Bank; and Consumer Data Research
    Centre (CDRC) Internet User Classification (IUC; Alexiou & Singleton 2018)

Attitudes towards digital exclusion

Impact of digital exclusion during Covid

Research undertaken prior to the Covid-19 pandemic[3] showed that, generally speaking, adults who don't use the internet don't feel that they are missing out by not being online. Of those who are non-users of the internet 75% did not feel that they are missing out and 79% believed they were unlikely to use the internet in the future.

Reasons for not using the internet are multifaceted, and include:

🔓	**76%**	**Concerns about internet safety, security or privacy**
🖱	**70%**	**Not knowing how to use the internet, or not having the skills to do so**
⚠	**54%**	**Concerns about accidentally accessing harmful or illegal content**
£	**48%**	**Cost/value for money**
⧗	**46%**	**It being too late to learn**

Source: ComRes, Digital Exclusion Research, 2019

- Lack of access to devices and connectivity has been exacerbated by the closure of libraries and IT suites.

- The loss of learning during the pandemic has increased the gap between disadvantaged and non-disadvantaged learners.

- While most employment support clients have a smart phone, many had no access to an appropriate device for online training, job search and interviews.

- For those who were engaging reluctantly in education or employment support, remote provision has made it easier to withdraw altogether.

- Conversion rates from employment support into work have fallen and lack of digital skills means clients are increasingly excluded from the labour market.

- The pandemic has exposed discrepancies between education settings in the quality of digital infrastructure and the digital skills and knowledge of staff.

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3   ComRes, Digital Exclusion Research, 2019 (Survey of 1,000 recent users and non-users of the internet)

Positive opportunities from Covid

- It has focused attention on digital exclusion, creating greater awareness and momentum to tackle the problem.

- It has created impetus to accelerate digital adoption, which has improved the quality, efficiency and flexibility of services.

- It has accelerated the improvement of staff digital skills and the upgrade of IT equipment and infrastructure.

- It has led to the creation of valuable online resources that can be accessed multiple times at any time.

- Digital provision has made it easier for some people to access services, opening them up to new audiences.

- Many learners and employment support clients have improved their digital skills and increased their confidence in using digital technology.

- Across education, training and employment support settings it has raised awareness of the importance of digital skills for work.

Wider impacts of digital exclusion

Digital exclusion is having an impact on educational attainment and employment outcomes that is far wider than the more immediate impacts of the pandemic.

- It is creating challenges and widening the achievement gap in education, particularly for learners from more disadvantaged backgrounds.

- As well as impacting on academic performance and results, it impacts on progression into employment and access to good quality jobs.

- It increases the gap for those who are already furthest from the job market.

- Many employment support clients lack the devices, skills and confidence to search and apply for jobs online and complete online interviews.

- Lack of digital skills presents a major barrier to clients being able to secure work, even in low skilled and entry level jobs.

- The move up the career ladder from low-skill to high-skill jobs comes with increased demand for specific digital skills

92%	**Businesses who say digital skills are important for their employees**
82%	**Current online vacancies that require digital skills**
28%	**North East employers with skills gaps who say basic digital skills need improving**
23%	**Businesses who say their employees lack basic digital skills**

Source: WorldSkills UK, Learning and Work Institute and Enginuity; DCMS, No Longer Optional: Employer Demand for Digital Skills; and DfE, Employer Skills Survey

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Digital skills gaps

According to the 2019 Employer Skills Survey[4], 20% of North East employers with a skills shortage vacancy said they found computer literacy or basic IT skills difficult to obtain from applicants. 26% said they found advanced or specialist IT skills difficult to obtain.

**Top 4 IT skills that need to be improved
(North East employers with an IT skills gap)**

33%	**Basic Microsoft Office skills**
18%	**Specialist software or hardware / internal systems**
18%	**Foundation digital skills**
17%	**Advanced Microsoft Office skills**

Source: Department for Education, Employer skills survey 2019

Despite the importance of digital skills in the workplace, research indicates that employer investment in training in the UK is low compared to other advanced economies and has declined in recent years. Data from Make it Click (2020) shows:

- Fewer than 40% of UK business leaders think employers bear most responsibility for keeping employees' digital skills up to date.

- 38% say employees are responsible and 5% say Government is responsible.

- 20% say they do not have funds to train employees on the job.

Research shows that many individuals recognise the need to improve their IT and digital skills in order to improve their employability and job prospects.

88%	**Young people who say digital skills will be essential for their future career**
62%	**Young people confident they have the basic digital skills employers require**
18%	**Young people confident they have the advanced digital skills employers require**
59%	**UK employers who say improving digital skills is important to employability post-pandemic**
57%	**Furloughed workers who want to improve their digital and IT skills**

Source: WorldSkills UK, Learning and Work Institute and Enginuity; Microsoft research; Make it Click

4 Department for Education, "Employer skills survey 2019: England results", October 2020,
https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results

Current solutions and interventions

There are numerous initiatives aimed at developing digital skills and providing access to digital equipment and infrastructure. However, the current approach to tackling digital exclusion is fragmented, with initiatives at national, regional and local level, targeting different groups or challenges. It includes UK Government interventions as well as those delivered by the private sector, the education sector and VCSE organisations. Key characteristics of the current support landscape are:

- It is complex and there is little co-ordination, with some initiatives overlapping and some gaps in provision.

- There is a lack of evidence or data to inform and shape the range of initiatives.

- There is a broad range of fully-funded digital skills provision ranging from short basic courses to full-time accredited courses.

- Much of the current provision is not fit for purpose as it is quickly out of date and people want short, practical courses delivered in an informal setting.

- Research suggests a lack of awareness about the provision available and a lack of understanding about individual digital skills needs.

- Some initiatives are short-term in response to the pandemic, but there is a longer-term need for a more co-ordinated and systematic approach.

Summary of key research themes

- People from disadvantaged backgrounds are disproportionately affected by the digital divide.

- There is a lack of co-ordinated activity and no structured approach at a regional or national level and tackling the problem requires ownership.

- There has been a loss of learning for students during the pandemic, particularly for disadvantaged and less able pupils, which has further widened the disadvantage gap.

- More widely, digital exclusion has negative impacts on engagement with learning, access to resources, quality of work, educational outcomes and progress into employment.

- Early intervention and consistent approaches to digital skills development are needed to close the digital divide.

- Digital skills are increasingly essential for most jobs, even at entry level. However, there is a lack of clarity about basic digital skills and no common framework to assess and develop these skills.

- There is a need for more short, focused interventions to develop practical digital skills for work or life, delivered in informal community settings.

Recommendations

Digital exclusion is a large and complex issue that requires interventions across many groups and communities, and a co-ordinated response from education, business, VCSE and the public sector. Nevertheless, the recent momentum achieved towards improving digital inclusion during the pandemic offers a real opportunity to roll out successful approaches more widely across the region in a way that would have a meaningful impact on reducing the digital divide.

The research highlighted priority actions for tackling the economic and skills impacts of digital inclusion, some directly actionable regionally, and others which will require lobbying and influencing with Government and other stakeholders.

High profile education and awareness raising activities

Address the problem of access to digital devices

Address the two key connectivity challenges – affordability and rural access

Develop a common framework for essential basic digital skills

Short, practical courses and advice delivered in informal, community-based settings

Prioritise early intervention to develop functional digital skills from a young age

Embed digital skills into the FE and HE curriculum

Map provision to employer needs and incentivise investment in the workforce

Overview and Scrutiny Committee

Agenda Item 7

Date: **14 October 2021**

Subject: **Forward Plan and Scrutiny Work Programme Update**

Report of: **Policy and Scrutiny Officer**

Executive Summary

This report provides members of the Overview and Scrutiny Committee with an opportunity to consider the items on the Forward Plan for the current 28-day period and discuss items for the Work Programme for 2021/22.

Recommendations

The Overview and Scrutiny Committee is recommended to:

i.   Review the current Forward Plan and consider which items they may wish to examine in more detail;

ii.   Suggest any items for the Work Programme for 2021/22 that Members would wish to explore in more detail, either at the Committee or via a 'deep dive' or working group;

Overview and Scrutiny Committee

1.   Background Information

1.1   The Forward Plan is a document which NECA is required to maintain under the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2017. The Forward Plan is published on NECA's website and lists the decisions that the North East Combined Authority intends to take in the coming months and must include all decisions to be made in the next 28 days.

1.2   The Forward Plan template contains specific information relating to each decision, including the date the decision will be made, a brief explanation of the topic, the consultation to be undertaken, and contact details of the author. The Forward Plan template has recently been updated and includes further information including if the decision is a 'Key Decision' and if an item will be discussed in private.

1.3   Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This supports the transparency of decision making within the Combined Authority and allows members of the public to see the items that will be discussed. There are special procedures for circumstances where publication for the full 28 clear day period is impractical or where there is special urgency. Both of these procedures involve the Chair of the Overview and Scrutiny Committee and would be reported to the Overview and Scrutiny Committee at its next meeting.

Role of Overview and Scrutiny

1.4   The Overview and Scrutiny Committee examine any decisions of the North East Combined Authority – be that by the principal decision-making body or a committee or officer holding delegated authority. This Scrutiny occurs in public and ensures democratic and public accountability.

1.5   One of the main functions of the Overview and Scrutiny Committee is the review and scrutiny of 'Key Decisions' made by the NECA Leadership Board and Officers of the Combined Authority. The relevant regulations set out a test for what should be considered a Key Decision – being those which are most significant in financial or other terms. This is explained in the Decision-Making Protocol adopted by the Committee on the 15 March 2018. At the inaugural meeting of the NECA Leadership Board on the 13 November, following the governance changes, it was agreed that the Decision Making Protocol would remain in place:

Overview and Scrutiny Committee

https://northeastca.gov.uk/wp-content/uploads/2018/08/NECA-Decision-Making-Protocol.pdf

1.6   It is NECA's practice to include formal decisions on the Forward Plan to maximise the opportunity for review and scrutiny. In considering items in the Forward Plan, the Overview and Scrutiny Committee should determine which areas scrutiny can add most value to in relation to the decisions being made.

1.7   The Forward Plan at the date this paper was issued is published at:

https://www.northeastca.gov.uk/committee-meetings/forward-plan.

Update on Requests for Special Urgency / General Exception

1.8   In accordance with the Decision Making Protocol, it was agreed by Members that the request of any Short Notice Procedure that involved the Chair of the Overview and Scrutiny Committee would be reported at the next Committee. The table below shows the number of requests made since the last meeting was held:

Type of Short Notice Procedure	Number of Requests since previous Committee
Requests for Special Urgency	0
Request for General Exception	0

1.9   The table above reflects that there have been no requests for general exception and no requests for special urgency since the last Committee.

Annual Work Programme – Update

1.10   The most recent version of the work programme has been compiled to allow the Overview and Scrutiny Committee the opportunity to consider items that they have requested.

1.11   The work programme is also designed to give an overview of all performance, decision-taking and developments within the NECA, as well as being focused and flexible to allow for new issues and recognising the capacity of the scrutiny committee to respond in a timely way to emerging developments throughout the year. The Plan allows the Committee to take a longer-term view than the Forward Plan, adding a longer term perspective to the Committee's work. Advantages of a longer-term perspective is the opportunity to gain a deeper

Overview and Scrutiny Committee

understanding of matters and to allow for more constructive engagement and scrutiny.

1.12 Members are also invited to comment and give consideration to any additional items they would wish to consider on their Work Programme or those decisions where they can add value.

1.13 The proposed work programme included in appendix 2. It should be noted that the work programme covers items that will be discussed at the meetings. It does not preclude 'deeper dives' providing more focused scrutiny of particular topics by a sub-group of the committee outside of these meeting dates. These topics can be raised with the Chair and Scrutiny Officer at any time.

1.14

2. Proposals

2.1 Committee Members are invited to review the Forward Plan for the current 28-day period – giving consideration to any items they may wish to examine in more detail – and to suggest any items for addition to the Annual Work Programme for 2021/22.

3. Reasons for the Proposals

3.1 To provide an opportunity for Committee members to input on any additional items as part of continued planning for the Work Programme for 2021/22.

4. Alternative Options Available

4.1 Option 1 – The Overview and Scrutiny Committee may review Forward Plan and suggest additional items for the Work Programme.

Option 2 – The Overview and Scrutiny Committee may choose not to review the Forward Plan or consider any additional items for the Work Programme.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 In considering the Forward Plan, Members are asked to consider those issues where the Scrutiny Committee could make a contribution and add value.

5.2 If the Overview and Scrutiny Committee determines to review or scrutinise a decision notified in the Forward Plan, a meeting of the Committee will be arranged to allow scrutiny members to carry out their role in a timely manner.

Overview and Scrutiny Committee

5.3   The work programme will be refreshed and updated at each meeting of the Committee throughout the year.

6.   Potential Impact on Objectives

6.1   Development of a work programme and review and scrutiny of decisions in the Forward Plan will contribute towards the development and implementation of the policy framework of the NECA, the Joint Transport Committee and the North East LEP as well as providing appropriate challenge to decisions making.

7.   Financial and Other Resources Implications

7.1   No financial or other resource implications are identified at this stage.

8.   Legal Implications

8.1   There are no specific legal implications arising from these recommendations.

9.   Key Risks

9.1   There are no key risks associated with the recommendations made in this report.

10.   Equality and Diversity

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

11.   Crime and Disorder

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

12.   Consultation/Engagement

12.1   On-going consultation takes place with Officers and Scrutiny Members across the NECA in regard to the items for the Annual Work Programme as Appendix One.

13.   Other Impact of the Proposals

13.1   The proposals consider the wider impact and take into account the Principles of Decision Making as set out in the NECA Constitution. They allow Members consideration of the items on the Forward Plan and allow them the opportunity

Overview and Scrutiny Committee

to have an overview of all performance, decision making and developments across NECA.

14.   Appendices

14.1   Appendix 1 – Annual Work Programme Update

15.   Background Papers

15.1   None.

16.   Contact Officers

16.1   Gavin Armstrong, Policy and Scrutiny Officer

Email: gavin.armstrong@northeastca.gov.uk
Telephone Number: Tel No: (0191) 4247537

16.2   Nicola Robason, Deputy Monitoring Officer
Email: nicola.robason@southtyneside.gov.uk
Telephone Number: 0191 424 7186

17.   Sign off

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

18.   Glossary

18.1   NECA - North East Combined Authority

North East LEP - North East Local Enterprise Partnership

Overview and Scrutiny Committee

Overview and Scrutiny Work Programme 2021/22

Standing Items for each Committee Meeting:

- Declaration of Interest

- Minutes of Previous Meeting

- NECA Forward Plan and Work Programme Report

Source of work programme and items of importance:

The Overview and Scrutiny Committee obtains work programme items from the following sources:

a)   Items submitted by Members of the Committee (and including items referred by other members of the Combined Authority);

b)   Suggestions from NECA Chief Officers; Patrick Melia – Head of Paid Service, Nicola Robason – Deputy Monitoring Officer and Paul Darby – Chief Finance Officer

c)   The Budget and Policy Framework; Transport Plan and Strategic Economic Plan

d)   The Forward Plan;

e)   The Thematic Leads;

f)   Evidence for any policy review work of relevance to NECA

Items for future consideration (2021-2022)

Meeting Date	Subject
December 2021	- COVID and Winter Pressures (may be held earlier as a informal briefing) - Thematic update from portfolio lead (topic TBC)

Overview and Scrutiny Committee

Date TBC	- Barriers to employment -Mental health provision impacting employment and accessibility. - Environmental Plan and the impact on the region - Devolution – Potential Impacts on NECA - Thematic Updates from Portfolio Leaders

It should be noted that the work programme above covers items that will be discussed at the meetings. It does not preclude 'deeper dives' providing more focused scrutiny of particular topics by a sub-group of the committee outside of these meeting dates.