



**Annual Report
for the Year ended
31 March 2015**

Introduction

Contents

Pages

ANNUAL REPORT 2014/15 - INTRODUCTION

Introduction from the Chair	5
What is the North East Combined Authority?	6
What is the structure of the North East Combined Authority?	
• North East Combined Authority Leadership Board	6
• Transport North East Committee and Tyne and Wear Sub Committee	8
• Economic Development and Regeneration Board	8
• Overview and Scrutiny Committee	9
• Governance Committee	9
Working in Partnership - North East Local Enterprise Partnership	10
Economic Development and Regeneration	11
Employability and Inclusion	13
Transport	16
Looking Ahead	20

Welcome to the first annual report of the North East Combined Authority.

The authority was established in April 2014 in order to enable more effective collaboration on the key regeneration and transport issues which cut across council boundaries.

Work on a number of projects is already underway – most notably the development of our devolution proposals – and we can already see a number of successes and achievements.

Across the area we've seen significant inward investment, leading to the creation of thousands of new jobs, and we've also made important steps forward in relation to transport improvements.

In addition we're spearheading a number of projects aimed at helping people into jobs and apprenticeships through improved training and better transport.

There is an increasingly positive picture for the North East economy, with growth in employment and productivity being reported, and evidence of opportunities for further improvements.

We're working closely with the North East Local Enterprise Partnership and the wider business community to deliver the Strategic Economic Plan for our area and capitalise on these opportunities.

By far our biggest opportunity is the chance to secure a devolution deal which will drive economic growth and help to establish the North East as the Northern Powerhouse's export region.

We're continuing to develop our proposals and will be speaking with local business, residents and other stakeholders, as well as with Government, as we move forward.

Councillor Simon Henig
Chair – North East Combined Authority



Background

What is the North East Combined Authority?

The North East Combined Authority (neca) was established in April 2014 as a new legal body that brings together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

Together we were successful in putting together a powerful case for a single, politically accountable body for our area, which could access devolved powers to stimulate economic growth, job creation, skills development and improved transport links.

The benefit of having devolved funding, powers and responsibilities from central Government will enable us to make decisions based on local knowledge that will maximise the area's opportunities and potential.

Our ambition is to create the best possible conditions for growth in jobs, investment and living standards, making the North East an excellent location for business and enabling residents to develop high-level skills so they can benefit long into the future.



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What is the structure of the North East Combined Authority?

We have a strategic decision making body – the North East Leadership Board – along with committees overseeing transport, overview and scrutiny and governance matters.

Together they are responsible for delivering the main functions of the combined authority and for overseeing the way in which these functions are carried out and the way in which decisions are made.

North East Leadership Board

The North East Leadership Board has eight members – the six leaders and the elected mayor from the seven local councils and the chair of the North East Local Enterprise Partnership

The board operates within a framework of collective decision-making and responsibility and its aims are to achieve a number of key improvements across the area, including:

- The exercise of statutory functions in relation to transport;
- The effectiveness and efficiency of transport infrastructure and public transport; and
- The exercise of statutory functions and general powers relating to economic development and growth and economic conditions.

**Membership of the North East Combined Authority Leadership Board
2014/2015**



Cllr Simon Henig

Leader of Durham County Council and Chair of the North East Leadership Board



Cllr Mick Henry

Leader of Gateshead Council and Vice Chair of the North East Leadership Board



Cllr Nick Forbes

Leader of Newcastle City Council and Thematic lead for Transport



Paul Woolston

Chair of the North East Local Enterprise Partnership



Mayor Norma Redfearn

Mayor of North Tyneside Council and Vice Chair of the North East Leadership Board



Cllr Grant Davey

Leader of Northumberland County Council and Thematic lead for Employability and Inclusion



Cllr Iain Malcolm

Leader of South Tyneside Council



Cllr Paul Watson

Leader of Sunderland City Council and Thematic lead for Economic Development and Regeneration

Transport North East Committee and Tyne and Wear Sub Committee

The Transport North East Committee is a joint committee of the combined authority and the seven councils that advise on and oversee the delivery of transport services across the area.

Over the last 12 months the committee has been involved in discussions over a number of key transport issues, including control of rail services in the area and improvements to bus services.

There are currently three organisations responsible for the delivery of transport services.

Durham County Council and Northumberland County Council manage delegated transport functions and delivery within their area and also advise on local transport priorities.

In the Tyne and Wear areas this responsibility is held by a sub-committee – made up of Nexus and the Tyne and Wear councils.

During the last 12 months the sub-committee has been actively involved in monitoring performance issues on the Metro system.

Economic Development and Regeneration Advisory Board

The Economic Development and Advisory Board is a joint committee of the combined authority and the seven councils, which advises the NECA Leadership Board on economic strategy, project pipelines and funding, future priorities, and monitors and oversees collaborative initiatives to promote inward investment.

The board is made up of councillors from the seven local authorities and representatives of the North East Local Enterprise Partnership, North East Chamber of Commerce, Confederation of British Industry, Federation of Small Businesses and Trade Union Congress.

Overview and Scrutiny Committee

The Overview and Scrutiny Committee is an essential part of local democracy, enhancing accountability and transparency in decision-making.

It enables local councillors, on behalf of those they represent, to scrutinise and challenge the decisions we make and also investigates matters of significant importance to residents within our area.

During our first year the committee has looked at overviews of each of our key priorities and has met with members of the North East Leadership Board and our partners.

It has also played a role in commenting on our annual budget and reviewing the grant funding available in our area.

The committee is currently looking at the accessibility and availability of transport in our area and at whether people face any problems which prevent them from getting to work, training, school or college.



Governance Committee

The Governance Committee plays a vital role in our governance arrangements and ensures a high standard of conduct among members.

It oversees our arrangements for managing risk and for reporting on financial and other performance areas.

It is made up of seven councillors from each local council and an independent chair and vice chair from the local community.

Working in Partnership

The North East Combined Authority works in close partnership with the North East Local Enterprise Partnership (NE LEP). The NE LEP brings together business leaders, universities and members of our North East Leadership Board.

It is the fourth largest local enterprise partnership in the country and covers the seven local authority areas which also make up neca.

It is responsible for promoting and developing economic growth in the area and we work together to ensure there is co-ordination across our range of activities.

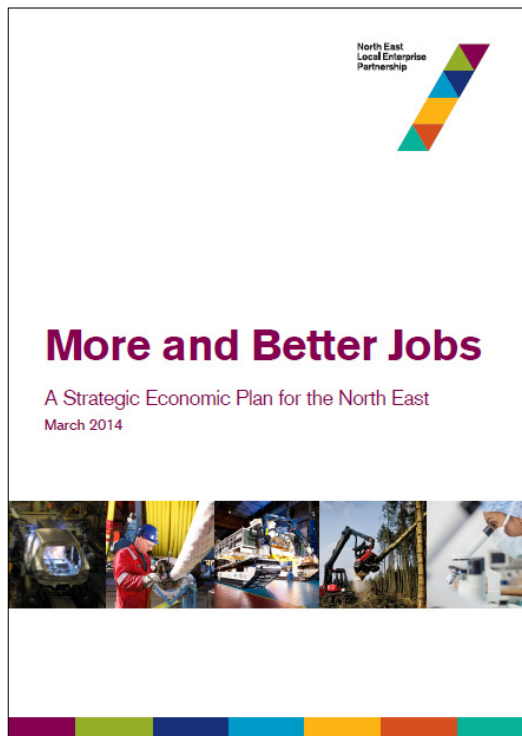


There are 18 board members from across the public and private sectors, including the council leaders and elected mayor from the seven local authorities in our area.

The chair of the local enterprise partnership is also a member of the North East Leadership Board.

We provide formal accountable body arrangements for the local enterprise partnership and support its work towards delivering the priorities set out in the Strategic Economic Plan.

This plan sets out our ambitious vision to strengthen our economy and provide more opportunities for businesses and communities to thrive. It provides a clear pathway for local decision-making and sets out our joint roles.



Economic development and regeneration

Encouraging investment into our area is crucial if we are to be successful in developing a prosperous economy and creating jobs – which are our key ambitions.

Our economic development and regeneration lead is Cllr Paul Watson, leader of Sunderland City Council.

During our first year we've been working with our partners, including the North East Local Enterprise Partnership and business leaders, to attract investors, support enterprise and promote our area as an ideal location to do business.

A lot of progress has been made and these are some of the main achievements and developments.

Business support

We're working with the North East Local Enterprise Partnership to look at how we can support business and enterprise through the North East Strategic Economic Plan.



As part of this work, Cllr Paul Watson, our lead member on economic development and regeneration, has joined the Business Support Board of the North East Local Enterprise Partnership.

The board oversees and co-ordinates activities including business growth mentoring and the development of the North East Growth Hub – a digital platform for business support and advice. It also helps businesses to access finance through schemes such as the North East Investment Fund.

Economic Development and Regeneration Advisory Board

We have now set up an advisory board to ensure our economic strategies and priorities reflect those of investors and businesses.

The board, chaired by Cllr Watson, will advise on economic strategy, project development and funding. It will also monitor and oversee joint initiatives aimed at promoting inward investment.

The inaugural meeting took place in July and considered proposals to develop the regional Inward Investment function, progress in developing a Regional Investment Plan and also how to appoint co-opted private sector members to the board to represent priority business sectors in our area.

We also intend to establish regular engagement with a wider network of business representatives to help enable effective decision making.

Regional Inward Investment Gateway

In partnership with the North East Local Enterprise Partnership, we secured funding to develop an initiative aimed at boosting inward investment to our area.

Building on the existing Investment Gateway we have set up an enhanced, proactive regional investment function during the last year.

This has enabled us to provide – via a Gateway Officer – a single point of contact for investment enquiries.

The Gateway Officer provides information, prepares propositions, hosts visits and acts as a link between potential investors and local councils.

Investment success

During 2014/15 councils reported a total of 97 investments across our area.

Of those investments, 60 were by foreign-owned companies and 37 were from UK-owned companies based outside of our area.

The investments were across a number of key sectors, including digital and ICT, automotive and advance manufacturing and life sciences and pharmaceutical.

It's particularly pleasing to note that these investments led to the creation of 6,064 new jobs for the area.

As we move forward our intention is to establish an inward investment team and step up proactive marketing and promotion of the opportunities our area can offer to business.

Over the next year we'll also be working on an inward investment strategy and the development of specific propositions for priority business sectors.

Regional Investment Plan

We're developing a plan that will help to support and co-ordinate investment into our area.

The plan will draw links between the needs of business, investment and growth priorities and the availability of development land.

It will give an outline of how all types of development are linked and related to one another – including economic development, housing, transport investment and the development of the area's towns and cities.



Employability and inclusion

One of our key ambitions is to create more and better jobs within our area.

We want to see families in the North East enjoying greater prosperity through increased employment and training opportunities.

Our employability and inclusion lead is Cllr Grant Davey, leader of Northumberland County Council.

During our first year we've been working on a number of strategies to tackle unemployment, the need to develop a more skilled workforce and the need to help more young people into jobs.

As part of this we've been working with the North East Local Enterprise Partnership to ensure that the area's workforce has the training and skills that local employers need.

These are some of the projects which we're working on to help boost employment, training and skills across our area.

Work Programme

We're looking at how people who are long-term unemployed in our area can best be supported through the Government's Work Programme.

This is in response to the Government's confirmation in January 2015 that it wants to see a more local approach being taken.



The Work Programme supports people over two years if they have been out of work for more than 39 weeks to help them find long-term employment.

We've set out our initial priorities, which focus on having more local influence and responsibilities over the support offered to people with multiple needs.

Using European funds, we're also developing a pilot project which will offer additional support to people who have yet to find a job after completing the Work Programme.

Mental Health Trailblazer

The first stage of a £2.2m project to help people with mental health problems back into work is about to get underway in the North East.

We were awarded funding through both the Growth Deal and the Government's Transformation Challenge Fund as part of an initiative to establish better integration of mental health and employment support.

The aim is to provide more effective support to help people dealing with mental health problems to find work.

In order to achieve this we're introducing a new system where a team of employment coaches will work alongside clinical therapists so that people receive co-ordinated support.

We expect to start operating the new service in the Autumn.

Apprenticeships

One of our main ambitions as part of the Strategic Economic Plan is to increase the number of apprenticeship opportunities in the North East.

To do this we're building on the existing North East Apprenticeship Hub to set up an Apprenticeship Growth Partnership.

This will help promote apprenticeships to employers and in schools in order to increase both opportunities and take-up.

The partnership will also focus on ensuring that young people are ready and prepared for work so that they are in a better position to enjoy the benefits of being an apprentice.

We've commissioned research to ensure that we understand current and future needs and opportunities in the

apprenticeship market so that we can meet the key priorities in this area.

Youth employment

The Generation NE programme aims to help more than 4,000 young people into employment by giving them tailored support from a team of dedicated employment advisors.

It also links companies which have vacancies and potential candidates and also offers young people facing specific issues or challenges the more intensive support they need.

The scheme began in June 2014 following a successful £4.5m Government funding bid to develop a programme to reduce youth unemployment and stem the number of young people needing to be referred to the Work Programme.

It covers Durham, Gateshead, Newcastle, North Tyneside and Northumberland and is already starting to see positive results.



Delivering in Partnership

We're continuing to work closely with the North East Local Enterprise Partnership to help ensure we have a strong workforce equipped with the skills, training and knowledge that local employers are looking for.

One of our main priorities will be to work together to ensure we can successfully deliver the European Social Fund Programme over the next five years.

Through the fund, a total investment of £550m is being made available for schemes, such as the Mental Health Trailblazer, to help generate and boost employment, inclusion and skills.

We hope to achieve the maximum benefit from this so that we can continue to support more people into long-term employment.



Transport

When the combined authority was established we took over responsibility for strategic transport across all seven local authority areas. The Tyne and Wear Integrated Transport Authority, which was responsible for strategic transport in Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland, was dissolved.

Our transport lead is Cllr Nick Forbes, Leader of Newcastle City Council.

Improving transport throughout our area and opening up national and international networks is at the heart of our plans for economic growth.

So we're particularly pleased that during our first year we've been successful in attracting funding for a range of schemes aimed at improving transport links across the area.

These are some of the areas where we're already seeing developments and improvements in transport across our region. Some are schemes that we have initiated and some are ones that we are supporting.

Major transport schemes

In July 2014 the North East received the third highest allocation of Local Growth Deal funding in the country. This included

a Government commitment to invest £38m in nine transport schemes due to happen between 2015 and 2021.

A further £79m has been provisionally allocated for another eight transport schemes which are expected to begin from 2016.

The funding will enable the delivery of a range of schemes, including road and junction improvements, enhancing transport interchanges, park and ride sites and better cycle links to key transport gateways.

We're continuing to work closely with the North East Local Enterprise Partnership to develop these schemes which will bring huge benefits to our area.

Rail North and Transport for the North

We've become a member of the Association of Local Transport Authorities, with Cllr Nick Forbes – our transport lead member – acting as our representative.

The association is working with the Department for Transport as part of the Rail North initiative to devolve decision-making on rail services across the North of England.

Our aim is for services in this region to be run by a separate North East Management Unit which would oversee the franchising and operation of rail services in our area.

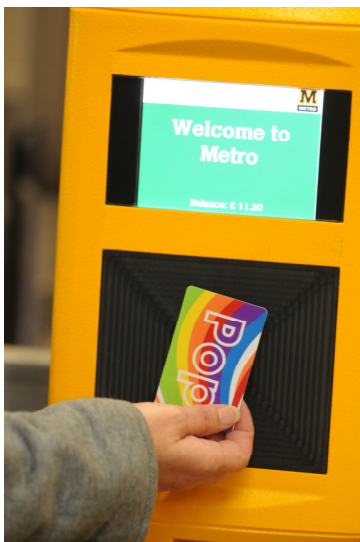
Metro: All Change

Tyne and Wear's flagship Metro network has enjoyed a 6.33 per cent growth in passenger numbers in the year up to March 2015.

That growth is expected to continue as a result of the 'All Change' modernisation programme, which to date has seen 18 stations undergo refurbishment; the renewal of 25km of track and trackbeds, 31km of cable routes, 18 escalators and six lifts; and improvements to embankments and bridges throughout the network.

We're currently building the case for an essential new train fleet and possible network extensions as part of our continuing work to improve the service for passengers.

The Pop smart travel card is already being used by some passengers travelling by Metro, bus and ferry and we're planning to extend this over the coming months before it is launched in full later this year.



Road improvements

We've been successful in lobbying for a number of improvements to major roads and investment has already been secured to upgrade parts of the A1 and A19.

As part of the Road Investment Strategy, published in December 2014, a strategic study of the Northern Trans-Pennine corridor has been commissioned. This will explore the case for dualling the A69 and/or the A66, with the aim of creating a new strategic link across the Pennines and further helping the development of a 'Northern Powerhouse'.

Previous strategic studies in the North East – the A1 Western Bypass feasibility study and the A1North of Newcastle feasibility study – have led to significant investment in the region's strategic road infrastructure and we look forward to seeing the results of this new study. It will begin this year and is expected to be completed by 2016/17.

Highways Maintenance Challenge Fund

In March 2015 the Department for Transport agreed funding for two projects through its Local Highways Maintenance Challenge Fund.

We supported both successful bids which will enable major improvements to go ahead at the Haddricks Mill roundabout, in Newcastle, thanks to an award of £13,423,000 and a programme of 130 masonry arch refurbishments to bridges in Northumberland can take place following an award of £5,625,000.

The future of bus services

We're the first transport authority in the country to agree a Quality Contracts Scheme for bus services, which is expected to bring an estimated £272m in economic benefits.

The scheme, which has been submitted for independent evaluation, is aimed at increasing passenger numbers and supporting the whole regional economy by providing improved and more efficient services.

As part of the scheme we're planning to introduce a flat fare for everyone under 18 in order to make it easier for young people – wherever they live – to access education, training and jobs.

The findings of the independent evaluation are expected to be published by the end of October 2015.

Sustainable transport

Our Local Sustainable Transport Fund initiatives have worked successfully with businesses, employees and schools to encourage sustainable travel and develop more opportunities for people to travel by bike or on foot.

Additional funding from the Cycle City Ambition Fund will see investment in strategic cycling routes into Newcastle and Gateshead as well as links to the Metro network from nearby Travel to Work areas in Northumberland and North Tyneside.



Delivering innovation

We've worked in partnership with Nexus and Co-wheels to secure £260,000 from Carplus to expand the Co-wheels car club. It will mean an additional 20 cars, including at least eight electric vehicles.

We're also one of 12 authorities to be shortlisted following the submission of our Go Ultra Low City Scheme proposal to the Office for Low Emission Vehicles.

The scheme is a £35m fund aimed at increasing the uptake of ultra-low emission vehicles.

We've been invited to make a final submission for our bid in the autumn.

New Trans-Atlantic Flights

Working with the airport we've been able to secure arrangements for direct flights from Newcastle International Airport to the New York hub Newark Liberty International Airport, which started in May 2015.



The attraction of a New York flight to Newcastle International Airport is a major coup for the region and establishes a connectivity to a major North American hub airport that has long been sought by the leisure and business communities.

The route operates five days a week and builds on the success of the airport in attracting new routes such as the Emirates flight to Dubai.

Introducing new routes such as these benefit the regions businesses, leisure passengers and the local economy and provide the infrastructure in the North East to support further expansion into new markets.

Transport Vision

We're developing a new Transport Plan for the North East (TPNE) which will bring together and co-ordinate all of the transport innovation, improvement and investment programmes taking place across our area.

The plan will aim to ensure that we have the right transport systems in place to enable us to deliver our ambitions for economic growth and prosperity.

It will be based on our Transport Vision document, which sets out our priorities for joined-up public transport networks, integrated ticketing systems and improved highways networks.

We will shortly be consulting on the vision document in order to get feedback on our priorities before we move forwards with the development of the new transport plan.

Looking ahead

Working alongside the North East Local Enterprise Partnership (NE LEP), our first year has seen us make good progress in the areas that will drive growth and job creation in the North East.

For the first time we have a single organisation with responsibility for strategic transport and are working together to deliver a range of transport schemes that will promote economic growth, reduce congestion, link people to jobs and encourage active, sustainable travel.

We have also put in place the initial measures that aim to improve opportunities for local people to find jobs and to access training opportunities and we are continuing to work with the business community to ensure that public investment is targeted to maximise business benefit.

Over the next 12 months we will build on our early progress and intend to seize the opportunities on offer through the Government's devolution agenda. We

want to secure a significant shift of power and responsibility from Government to the North East to ensure we meet our ambitions for local people and businesses. We consulted on our outline proposals in March and the views of residents, the business community and other key stakeholders were essential in shaping our initial submission to Government. As we move forward we will continue to engage with our communities and partners to keep them informed of progress and so that their views can be taken into account.

We will work closely with the Local Enterprise Partnership on the further development of our proposals for devolution and on refreshing the Strategic Economic Plan in this context.

Key areas of focus for the next year include developing our Regional Investment Plan to ensure a coherent and co-ordinated approach to investment in the North East, as well as developing our regional inward investment function and strategy. We will also consolidate the





early progress of the new Economic Development and Regeneration Advisory Board as an effective and representative advisory body to the NECA Leadership Board, underpinned by strong engagement with a broad network of business representatives.

On Employability and Inclusion, we need to continue to demonstrate to Government – through the effective delivery of key projects and an appetite for more local influence – that NECA has the capacity and capability to deliver better employability and inclusion outcomes through greater devolution. We will also continue to work with the Local Enterprise Partnership to secure the

effective delivery of the European Social Fund (ESF) Programme 2014-20.

Our first Transport Plan for the North East will be developed to bring together an exciting programme of transport investment and innovation, emphasising how transport can help to deliver neca's aspirations to promote economic growth, prosperity and well-being for all our residents.

We have a vital role in creating the conditions for economic growth and the investment that will support the creation of more and better jobs in the North East. Working with partners we have made important inroads over our first year - we want to use this momentum and the opportunities on offer now and in the future to move further and faster towards delivering our ambitions for economic growth and prosperity for the North East and its people.



