

Leadership Board

Tuesday, 18th September 2018 at 2.00 pm

Meeting to be held: Committee Room, Civic Centre, Burdon Road, Sunderland, SR2 7DN

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AGENDA

	Page No
1. Appointment of Chair for the Meeting	
The Leadership Board is invited to appoint a Chair for the purpose of the meeting from amongst its Vice-Chairs.	
2. Apologies for Absence (Members)	
3. Declarations of Interest	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
4. Minutes of the Previous Meeting	1 - 4
For approval as a correct record.	
5. Updates from Thematic Leads	
(a) Economic Development and Regeneration	5 - 14
(b) Employability and Inclusion	15 - 32
(c) Transport and Digital Connectivity	33 - 38
6. Date and Time of Next Meeting	
November 2018; date and time to be confirmed.	

7. **Exclusion of Press and Public**

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.

8. **Confidential Minutes of the Previous Meeting** **39 - 40**

For approval as a correct record.

9. **Project Approvals** **41 - 54**

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

Leadership Board

31 July 2018

Draft Minutes for Approval as a Correct Record

Meeting held: Committee Room, Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

Present:

Councillor: Mayor N Redfearn (Chair)

Councillors: M Gannon, P Jackson, I Malcolm, J McCarty and M Mordey

19 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillors N Forbes, S Henig and G Miller, and Mr A Hodgson.

20 DECLARATIONS OF INTEREST

Councillor M Mordey declared an interest in agenda item 11 (Project Approvals) as a Member of Port of Sunderland Board.

21 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 19 June 2018 were approved as a correct record and signed by the Chair.

22 COMBINED AUTHORITY - GOVERNANCE CHANGES - UPDATE

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

Members noted the report which provided an update on the proposed changes to the NECA governance as a result of the approaching creation of a mayoral combined authority for the areas of Newcastle upon Tyne, North Tyneside and Northumberland, consequent amendment of the NECA boundaries and establishment of joint governance arrangements for transport functions. The report also provided an update on progress with the making of an order by the Secretary of State to effect those changes.

Updates

As an update on the information set out in paragraph 2.2 of the report, it was noted that the NECA had given its consent to the making of the order and the order had been laid before the Parliament. At this stage, the exact date of the order becoming

effective was not known. Members would be kept informed about progress of this matter.

Regarding the joint governance arrangements for transport functions, it was noted that the arrangements included Audit function, whilst any Standards matters would be dealt under the Standards arrangements of the constituent combined authorities.

RESOLVED – That the report and updates be noted.

23 **UPDATES FROM THEMATIC LEADS**

(a) **Economic Development and Regeneration Update**

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

The report was introduced by Councillor I Malcolm who highlighted key areas of progress and provided updates, including on the recent attendance at the NECA Overview and Scrutiny Committee and the work of the Economic Development and Regeneration Advisory Board.

Members noted the value of the work of the Invest North East England team (INEE) and the importance of ensuring that local authorities in the North East supported this work, promoted INEE function and offered links to INEE on their websites.

RESOLVED – That the report be noted.

(b) **Employability and Inclusion Update**

Submitted: An update report of the Thematic Lead for Employability and Inclusion (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on progress in delivering the Employability and Inclusion theme of the Combined Authority and the “Employability and Inclusion” and “Skills” themes of the Strategic Economic Plan.

Councillor P Jackson introduced the report and highlighted key achievements and challenges.

RESOLVED – That the report be noted.

(c) **Transport (and Digital Connectivity) Thematic Lead Update Report**

Submitted: An update report of the Thematic Lead for Transport and Digital Connectivity (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress of activities under the Transport and Digital Connectivity theme of the Combined Authority.

Councillor J McCarty introduced the report and highlighted key areas of impact. As an update on the information set out in paragraph 1.1 of the report, it was noted that the government was set to invest up to £780m into overhaul works on the East Coast Main Line.

RESOLVED – That the report be noted.

24 **STATEMENT OF ACCOUNTS 2017/18**

Submitted:

- i. A report of the Chief Finance Officer (previously circulated and copy attached to Official Minutes);
- ii. A letter from MAZARS, with MAZARS' conclusion of outstanding matters, Audit Completion Report (with the Chair's permission, due to the timetables involved circulated at the meeting and copy attached to Official Minutes); and
- iii. An updated set of Annual Accounts was available for Members to collect after the meeting.

Members considered the report which set out the Draft Statement of Annual Accounts 2017/18, Chief Finance Officer's Narrative Report for the Year ended 31 March 2018, Annual Governance Statement 2017/18 and Draft Audit Completion Report. The documents had been considered by the NECA Audit and Standards Committee on 30 July 2018.

It was noted that MAZARS were anticipating the issuing of an unqualified opinion on the accounts and an unqualified value for money opinion today, 31 July 2018, subject to the completion of the outstanding work.

Members noted updates and adjustments from MAZARS, the External Auditor for NECA, and from the Chief Finance Officer, as presented at the meeting.

The Chief Finance Officer explained how NECA would implement the recommendations of the External Auditor. He also advised that the process for preparing the annual accounts would be reviewed and improved.

The Chief Finance Officer thanked staff of NECA and MAZARS for their work.

RESOLVED – That:

- i. The Annual Accounts 2017/2018 be approved;
- ii. The Annual Government Statement 2017/18 be approved;
- iii. Approval be given to the issuing of the Management Representation Letter; and

- iv. Mayor Norma Redfearn be authorised to sign the Annual Accounts and Annual Governance Statement on behalf of the North East Combined Authority.

25 **FINANCE UPDATE - 2017/18 OUTTURN AND 2018/19 UPDATE**

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

Members considered the finance update report. Members noted the process for preparing 2019/20 budget and that this process would need to incorporate the impact of the emerging mayoral combined authority.

Regarding the delays to the refurbishment works to the Tyne Pedestrian and Cyclist Tunnels, it was noted that the works were currently progressing as scheduled, and Members would be kept informed about progress. A briefing note would be prepared for Members setting out the latest information about progress and the opening timetable.

RESOLVED – That:

- i. The outturn position on the revenue budget and the capital programme for 2017/18 as set out in the report be noted;
- ii. The update about the revenue budget position and capital programme for 2018/19 be noted; and
- iii. The proposed budget timetable for the preparation of the 2019/20 Budget set out in section 2.6 of the report be noted.

26 **DATE AND TIME OF NEXT MEETING**

Tuesday, 18 September 2018 at 2pm.

27 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A press and public be excluded from the remainder of the meeting for the duration of consideration of agenda items 10 (Confidential Minutes of the Previous Meeting), 11 (Project Approvals) and 12 (Proposed Purchase of Land at Howdon) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.



Leadership Board

Date: 18th September

Subject: Economic Development and Regeneration Update

Report of: Economic Development and Regeneration Thematic Lead

Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

Recommendations

The Leadership Board is recommended to:

- i. note this report for information

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1. Background Information

1.1 This report provides an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority, including:

- North East Fund
- Leaving the European Union Report
- European Structural Investment Fund Update

1.2 The Leadership Board is recommended to receive the update for information.

North East Fund

1.3 At the July EDRAB meeting, Andrew Mitchell from the North East Fund Limited updated the Board on the new North East Fund programme

Background

1.4 The North East 'JEREMIE' Fund (Finance for Business North East) has invested £160m across the North East LEP and Tees Valley Combined Authority geographies. The programme was jointly funded through an ERDF grant and a loan from the European Investment Bank.

1.5 The outputs over the lifetime of the Fund were

- 900 businesses have received investment
- 937 jobs have been supported
- Nearly 4,000 jobs have been created
- Nearly 3,600 jobs have been safeguarded

1.6 Over £65m has been repaid to the European Investment Bank, with the balance of the loan being paid off at the end of this financial year. The Fund will then begin to generate legacy funds, with projections that the total legacy return will be in excess of £80m.

1.7 After initial delays, the successor programme, the North East Fund Limited, was launched in April 2018, with £120m of capital to invest.

The North East Fund Limited

1.8 There are four fund management firms and all have permanent teams in the North East:

- North Star Ventures
- NEL Fund Managers

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- Maven Capital Partners
- Mercia Fund Managers

1.9 The Funds available are loans and equity investments and it is estimated that 95% of the regions SMEs will be eligible, ranging from high tech starts ups and University spin outs to established engineering companies and service businesses.

1.10 The Fund will invest until 2023, with capital of £120m from ERDF from the European Investment Bank and a target of 600 businesses receiving funding and a further 1,200 receiving non-financial support, such as information, mentoring, diagnostics and brokerage support.

Investment Funds

- 1.11
- North East Venture Fund (Mercia Fund Managers) can invest up to £1m in pre-start, start up and scale up businesses. The Fund supports businesses with high growth potential with equity or mezzanine finance and loans.
 - North East Innovation Fund (North Star Ventures) can invest up to £500k, with a focus on disruptive technologies and start-ups. The finance is mainly equity but debt and mezzanine finance can be used where is it appropriate to SME needs.
 - North East Growth Capital Fund (NEL Fund Managers) is for established North East businesses looking to grow. The Fund supports businesses with strong management teams through debt finance and mezzanine loans.
 - North East Development Capital Fund (Maven Capital Partners) provides investments between £400k-£2m for companies in the service and manufacturing sectors with ambitious growth plans. The finance is provided through debt and mezzanine.
 - Small Loan Fund (NEL) can provide between £10 - £50k loans, typically unsecured to support commercially sound business propositions.

1.12 The fund plays an important role in filling the access to finance gap, which has had a disproportionate impact in disadvantaged communities.

1.13 Each of the fund managers wish to increase the volume of and quality of loan applications in each local authority area which means that there will be a requirement for sustained engagement and awareness raising in each locality. Those on-going relationships will help each of the 7 local authorities.

Progress

1.14 Launch events have been held in each local authority area which has been extremely effective in generating leads and generating media attention. To build on the events, two engagement officers will be recruited to further build links with Economic Development Teams. The Fund Managers have also appointed staff

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within their own teams with responsibility for PR and marketing to promote the Fund.

- 1.15 The Fund has provided £2.5m in support to 12 businesses since April 2018, with a further £6m of projects to support 30 SMEs due to complete by the end of the year. The Board noted the progress of the Fund to date and members agreed to advise their Economic Development team to assist in promoting the Fund. The Board will invite the North East Fund Limited for another update in the next municipal year.

Leaving the European Union

- 1.16 The North East Brexit Group brings together key networks representing business, education, trade unions, local authorities and voluntary organisations. Its purpose is to monitor economic evidence and the views, experience and response of business, education and other organisations in the North East LEP area as the UK moves through the Brexit process.
- 1.17 The Group published, 'Leaving the European Union' in April 2018 which is a report that considers the impact of Brexit in the North East in relation to:
- The sectoral composition of the North East;
 - The North East being a leading exporting region within England;
 - The importance of inward investment to the North East economy;
 - The structure of the workforce in the region; and
 - The geographical location of the North East.

Modelled regional impact of Brexit on the North East economy

- 1.18 The report considers a number of studies from government academics and other researchers that have investigated the potential impact of Brexit on different regions. There are common findings across each of the studies, although the ranges of predicted affects differ between the studies. The common conclusions of the report are:
- Lower future levels of economic activity in the North East over different timescales as a result of the decision to leave the EU;
 - The North East is expected to experience a particular impact as a result of its disproportionately large trading relationship with the EU in manufacturing (particularly automotive and pharmaceuticals);
 - The reports suggest that alongside manufacturing, a key sectoral impact will be in places hosting knowledge intensive services. In the North East, these are concentrated in Newcastle, Gateshead and North Tyneside; and
 - All of the reports suggest that a key outcome required for negotiations is to retain an open trading regime and access to the Single Market.

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- 1.19 The Whitehall briefing identifies key sectors which will be at the highest risk of impact nationally. Automotive and pharmaceuticals have high concentrations in the North East, which could lead to a significant impact on overall regional growth.
- 1.20 A study by the University of Birmingham concludes that UK regions are more likely to experience negative effects of Brexit, compared to other regions in Europe. The impact of Brexit on Gross Domestic Product (GDP) and labour income is a higher risk within the Midlands and the North of England.
- 1.21 Analysis by the London School of Economics and Centre for Cities shows that all UK local authority areas will see a decline in living standards in either a 'hard' or 'soft' Brexit, with Gross Value Added (GVA) between 2.3% and 1.3% lower respectively.
- 1.22 Durham University Business School modelled the effect of various trade agreements on the UK. A 'no deal' scenario would result in an immediate reduction in UK productivity and in the long term, UK productivity, wages and profits of UK firms would recover slowly, but to a significantly lower level due to falling labour demand from exports and decreased competition in the domestic market.

The impact of Brexit on key North East sectors

- 1.23 The research carried out by the North East Brexit Group for the report suggests that Brexit will have an impact over time with some immediate and some that will follow as the process of leaving progresses.
- 1.24 The research suggests that some North East exporters could report an uplift in trade volumes with businesses benefitting in the short term from the devaluation of sterling. The overall balance of trade values in the longer term is likely to put the North East in a net importing position.
- 1.25 There is some emerging evidence that business confidence in digital and transport sectors have already altered investment decisions, with investment being located in Europe, rather than the North East. There is also evidence that some new business contracts have not been won as buyers have chosen to work with EU based partners.
- 1.26 Longer term investment decisions are dependent on the outcome of the negotiations of the implementation of Brexit. Key factors identified are the openness of export relationships, skills availability and access to supply chains.

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Outcomes from the negotiations

- 1.27 The research identified a series of common outcomes sought from the including:
- Regulatory issues – there is an aspiration for stability and ongoing consideration of the regulatory framework between the UK and the EU;
 - Trade and investment links – maintaining an open trade and investment environment is a key outcome required from the negotiations;
 - Human Resources – there is a need for continual access to skilled individuals in an out of the EU and UK; and
 - EU Funding – a number of sectors have been able to access EU resources or networks to create opportunities for growth and innovation.

Areas of Opportunity

- 1.28 The report identifies a number of opportunities for the North East to consider both now and after the Brexit negotiations have concluded:
- Build on devaluation to boost exports and to secure more home shoring of supply chain activity;
 - Refine funding rules in areas like state aid and VAT to ensure that programme priorities for the UK Shared Prosperity fund can respond to local and regional needs;
 - Adapt regulatory frameworks to support investment and development in areas of growth and innovation;
 - Invest in skills support, infrastructure and connectivity;
 - Maximise the benefits of new flexibilities, e.g. reducing administration of funding programmes and the use of devolved mechanisms to improve targeting; and
 - Exploit opportunities to trade with new and existing markets

Preparing for Change

- 1.29 The report concludes that there is a need for clear and consistent advice and messages to encourage businesses and workers to prepare for change. The report recommends that government:
- Plan and deliver a national level communication campaign to provide timely and accurate advice and information
 - Development of business support and advice through the Growth Hub and wider business support networks

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- Resolution of the migrant position for European workers, students and other nationals whose residential or employment position may change as a result of Brexit

1.30 The North East Brexit Group are now developing recommendations for action around:

- Business communications
- The Growth Hub Supply Chain Initiative
- Linkages to EU institutions and projects
- Consideration of the potential effects Brexit in the next SEP update

European Structural & Investment Funds

1.31 The European Structural and Investment Fund (ESIF) continues to be delivered in the North East. The region is split into two areas; More Developed (Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) and Transitional (County Durham). An update on European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development is provided below.

European Regional Development Fund (ERDF)

1.32 The notional allocation for the More Developed (MD) area is £152.7m, and in the Transitional (T) area is £75.4m. The overall project pipeline (including legally committed, contracting, appraisal and Full and Outline Application stage) is £174m representing 76% of total allocation. Exchange rate changes could result in additional allocations being made available.

1.33 For the Sustainable Urban Development (SUD) call announced 15 September, for the MD area, total funding of £18.6 was available. The final deadline for EOIs was 30 March 2018. 2 Bids from the January deadline are currently in appraisal and 6 bids were submitted at the March deadline are still to be appraised. The North East Fund of Funds (JEREMIE2) is now open and launch events have taken place across the region. Currently 43 projects have been Legally Committed and 28 projects are in the Full or Outline appraisal stages.

Further ERDF calls will be issued in October 2018 and March 2019.

European Social Fund (ESF)

1.34 Across the whole NECA area there is a notional allocation of £144.6m

5 of the six ESF calls closed during the last reporting period have been assessed and decisions have been communicated to bidders for:

- North East Ambition Pilot Strategic Framework

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- North East Ambition Pilot Tailored Delivery
- Digital Skills North East
- North East Specialist Support for the Unemployed/Inactive (Health Barriers and 50+)

Projects appraised but still to be advised of a decision by DWP;

- Specialist Support for those Furthest Away from the Labour Market

Projects still to be appraised:

- Raising the Skill Levels of the North East Health and Social Care workforce

- 1.35 Employment Support for Young People 18 -29 received 11 bids and 8 have been approved to Full Application, with the condition that the bidders work through Technical Assistance (TA) colleagues to ensure alignment and minimise duplication. The TA network have held a workshop for the bidders to support this alignment. Full Applications have now been submitted.

European Agricultural Fund for Rural Development (EAFRD)

- 1.36 EAFRD funds form part of the National Growth Programme, from which the North East received an allocation of £10.5m. Although a number of scattered localities are potentially eligible for EAFRD funding in Tyne and Wear, the focus is on the designated rural areas of Northumberland, Durham and neighbouring parts of western Gateshead, including the Derwent Valley.

- 1.37 Open calls, with an extended closing date of 31 May 2018 and a value of £9.7m capital funding, to create jobs in rural areas are:

- Business Development - £1.4m
- Rural Tourism Infrastructure – £6.7m
- Food Processing – £1.6m

- 1.38 A £30m call for Broadband Infrastructure was announced on 13 October with a closing date of 31 May 2018, submitted bids are now being appraised.

- 1.39 Match funding is required for all ESIF calls.

2. Proposals

- 2.1 This section does not apply as the report is for information only.

3. Reasons for the Proposals

- 3.1 This section does not apply as the report is for information only.

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4. Alternative Options Available

4.1 This section does not apply as the report is for information only.

5. Next Steps and Timetable for Implementation

5.1 This section does not apply as the report is for information only.

6. Potential Impact on Objectives

6.1 This report sets out issues that will support the Authority in meeting its objectives, particularly in relations to those set out in the Strategic Economic Plan.

7. Financial and Other Resources Implications

7.1 There are no financial or other resource implications directly associated with the recommendations of this report as it is for information only.

8. Legal Implications

8.1 There are no specific legal implications arising from this report.

9. Key Risks

9.1 There are no key risks arising from this report.

10. Equality and Diversity

10.1 There are no specific implications arising from this report.

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no issues arising from this report for consultation.

13. Other Impact of the Proposals

13.1 There will be no other impacts arising from this report

14. Appendices

14.1 None

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15. Background Papers

15.1 There are no background papers to draw Members attention to.

16. Contact Officers

16.1 Sarah McMillan, Corporate Lead – Economic Strategy and Skills
Email: sarah.mcmillan@southtyneside.gov.uk Tel: (0191) 424 7948

17. Sign off

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

18. Glossary

18.1 ERDF – European Regional Development Fund
SMEs – Small and Medium Sized Enterprises
SEP – Strategic Economic Plan

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Date: 18 September 2018

Subject: Employability and Inclusion Update

Report of: Thematic Lead for Employment and Inclusion

Executive Summary

The purpose of this report is to provide an update on progress being made in delivering the Employability and Inclusion, and Skills themes of the Strategic Economic Plan (**SEP**) for the North East.

Recommendations

The Leadership Board is:

- i. recommended to note the contents of the report

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1. Background Information

- 1.1 This report provides an update on the employability, inclusion and skills programmes and projects that the Combined Authority and the North East Local Enterprise Partnership (**North East LEP**) are delivering within the context of the North East Strategic Economic Plan (**SEP**) for the North East.

Labour Market Intelligence

- 1.2 Labour Market Intelligence (**LMI**) for the North East continues to be developed. Discussions regarding future data collection, collation and distribution are ongoing with a number of partners, with a view to presenting data and information to various audiences. Point 1.8 refers to the development of a Data Hub.
- 1.3 The North East LEP developed a series of Careers Videos to highlight opportunities in key priority sectors in 2017. They are part of a toolkit available for schools and colleges in the North East. Their purpose is to support educators to communicate the many exciting career opportunities available in the North East and the pathways young people can take towards them. The videos and toolkits have been requested by over 250 educational establishments and support organisations.
- 1.4 The toolkit includes lesson plans, assembly plans, PowerPoint slides and excerpts from the videos to highlight certain key messages. Feedback has been extremely positive.

Graduate Retention

- 1.5 Additional case studies and videos have also been produced by the North East LEP, to provide LMI for graduates as part of the drive for Graduate Retention as described in the SEP. The videos and case studies provide examples of graduate level roles in key sectors and reasons to 'LiveWorkStay' in the North East. The campaign launched in late 2017 and provides a further resource for schools, colleges and universities. The social media campaign was the most successful campaign the North East LEP has had to date and the resources are being used by all four universities. Further resource is being developed with a focus on key employment growth sectors to be launched during the academic year 18/19.

Construction labour skills gap & analysis

- 1.6 The North East LEP, local authorities, key construction employers, groups and CITB are working in partnership to address the labour and skills challenges in the construction sector across the area.

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- 1.7 CITB, in partnership with the North East LEP, produced a report highlighting the challenges for the short and medium term around skill levels and availability of labour. This report provides an evidence base to inform stakeholders from which clear market messages can be defined so that effective planning around investment decisions can be made to maximise employment and growth opportunities. The data was presented to a wide stakeholder group late 2017. We continue to monitor data from this sector and will include data from this report in the SEP refresh in 2019.

North East Data Hub

- 1.8 In partnership with the North East Combined Authority, the North East LEP launched the Data Hub in March 2018. The data hub is a digital platform that gathers data from across the region on the economy and transport and allows users to compare data in a simple, user friendly way. In due course skills data will also be available via this platform. Data shows that user numbers are good and development of phase 2 is underway, including discussions with other data platforms to find ways in which to aggregate data. Presentations to raise awareness of the Data Hub have been delivered to over 120 schools and colleges.

DWP European Social Fund Opt-In for the North East

- 1.9 The DWP 'Opt-In' programme for the North East is utilising £6m European Social Fund (ESF) to test a local approach to support 2,500 long term unemployed residents with health conditions to find work over 2017-19. The programme is delivered by Working Links.
- 1.10 Performance data from January 2017 to end of July 2018 show:
- 1,835 people in total have started the programme. This breaks down to 1,264 in the more developed area (Northumberland, Tyne and Wear) and 571 in the transitional area (County Durham).
 - 437 first job starts (including those with more than one job start) and 532 jobs in total, 79% in the more developed region and 21% in County Durham.
 - 35% of starters have achieved a first job entry.
- 1.11 Assessment of participant data shows:
- 69% are female, 31% male.
 - 67% of participants are long-term unemployed, the majority for five years or more.
 - 77% live in a 'jobless household', where no-one works.
 - 31% of participants are aged 50 and over.
 - Health conditions acting as barriers to work are most prevalent among male participants. Of those receiving health and wellbeing support, two thirds are male.

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- Physical and mental health conditions among those receiving health and wellbeing support are evenly split, with many participants having both physical and mental health support needs.
- 1.12 Performance had increased steadily in the current year but is not yet showing achievement of DWP contract targets. In the More Developed area, the rate of starts has increased in recent months and performance has improved since implementation of wider eligibility. However, referrals are low in County Durham and positive impacts of widened eligibility are not yet being realised. Working Links is missing the required level of performance; reaching 85% is challenging and while the Performance Improvement Notice remains in place the programme is at risk.
- 1.13 Actions are underway to improve performance, and revised allocations have been made to give higher performing supply chain partners a greater share of the contract. Increased marketing is taking place with Jobcentres along with an engagement plan with a greater range of referral partner organisations which will be critical to achieving performance.
- 1.14 Activities include:
- Increased work with high performing partners including Gateshead Council, Northern Rights, and Changing Lives
 - Continued engagement with Children's Services, GP Surgeries, Adult Learning Centres and FE colleges, community programmes and centres etc.
 - Presence at job fairs and in recruitment campaigns
 - Reach into new areas, for example through co-location with the Gateshead Housing Company
 - Expansion of the referral base to housing providers (Your Homes Newcastle, South Tyneside Housing etc.), food banks, community churches etc.
 - Increased digital media presence
 - Increasing apprenticeship numbers
 - Increased employer engagement activity
- 1.15 DWP is to start a consultation process with local areas on potential for two year extensions to the current three year contracts, for 2019-21. The advice is that this will be contingent upon the provider meeting a minimum of 85% of output and job outcome performance. ESIF sub-committee will be consulted and asked whether they are supportive of extension (contingent on achievement of performance targets). Extension would be funded by DWP underspend, but a local contribution would be required (amounts are not yet known). If the extension is not supported DWP has advised that no other funding will be made available and they would not procure alternative provision for the North East. Consultation will take place in autumn 2018.

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North East Mental Health Trailblazer

- 1.16 The North East Mental Health Trailblazer is delivering a Random Control Trial of integrated employment support and psychological therapy, using the Individual Placement and Support (IPS) model, in partnership with Increasing Access to Psychological Therapies (IAPT) teams in each LA area. The Mental Health Trailblazer is piloting integration of employment and mental health services. The programme targets support to long-term unemployed residents with depression and anxiety acting as barriers to work.
- 1.17 Performance data from January 2017 to the end of July 2018 show:
- A total of 700 (76%) participants in the treatment group and 219 (24%) in the control group, a total of 919.
 - 97 jobs were achieved in total by the end of quarter 2. An average of 21 jobs per quarter is forecast for the remainder of the project.
 - 56% of participants are male, 44% female.
 - Almost one quarter of participants are aged 50 or over, and a fifth aged 18-24.
 - One third were unemployed for two years or more.
 - The majority, almost 80%, are claimants of Jobseekers Allowance or Universal Credit.
 - Consistent performance in recent quarters, positioning the project to achieve beyond profiles if referral rates are sustained. Jobcentre referrals are being received at an average of around 200 per month.
 - 203 outputs (project participants) were achieved in quarter 2 (April to June 2018), the best performing quarter to date. An average of 118 participants per quarter is forecast for the remainder of the project.
 - County Durham continues to be the best performing area in terms of number of participants, having reached over 60% of its project lifetime target to date, and around 55% of results.
 - Participant feedback surveys show consistently high levels of satisfaction with the service, in particular the degree of confidence and trust of employment coaches.
- 1.18 Approval of a Project Change Request (PCR) in July allows delivery to continue to December 2019. This will ensure that spend is maximised and outputs and results can be achieved. A further change in the PCR is to increase the number of economically inactive residents supported (those unemployed but not claiming 'active' unemployment benefits), which provides a challenge but ultimately means those most in need of support will be reached. Partnership with community partners and other ESF programmes to improve engagement with this cohort is being prioritised and is starting to show results. As noted previously, there will also be actions taken to support people in response to changes in benefit status with the introduction of Universal Credit.

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- 1.19 The Random Control Trial element of the project will conclude at the end of October 2018 and the project will continue without random allocation to treatment and control groups until December 2019. This will boost the numbers receiving support, forecast at around a 24% increase if current referral volumes are included in a single 'treatment group'.
- 1.20 The evaluation report will be produced by the Behavioural Insights Team and made available by early 2019. It will be used to provide evidence of activities that are effective in supporting more people with mental health conditions into the mainstream labour market. This is pertinent for both local priorities and national policy. The ambition is to utilise this to improve future commissioning and nurture service integration.

Generation NE

- 1.21 Generation NE has been operational since July 2014 and the programme has supported 4600 young people, delivering 2050 job outcomes to date; 1200 of those gaining employment have now sustained employment for 6 months or more. Generation NE funds have also supported additional participants through provision of match-funding for Durham Works (YEI). The project has exceeded all original targets and continues to perform well.
- 1.22 A Digital Service has been launched to complement the support available through Generation NE on a face to face basis; this service is testing innovative approaches to engaging and supporting young people which accommodates their changing attitudes, particularly a desire to engage with services in non-traditional ways. 368 young people have been supported by the Generation NE Digital Service so far with 47% of them moving into work to date, an additional 30 young people on average are engaged with the service each month. A full Randomised Control Trial of digital services within Generation NE is being explored with the Governments What Works Centre for Local Economic Growth and is due to commence in September 2018.
- 1.23 An ESF call for projects to support young people into employment and training was closed in Autumn last year. An application was submitted to extend the generation NE project and the appraisal process managed by DWP is ongoing; decisions on funding are expected in October 2018.

North East Ambition and the Good Career Guidance benchmarks

- 1.24 Nationally the work in the North East continues to be widely acknowledged as transformational. The North East LEP's work heavily influenced the implementation plan for the DfE national careers strategy (released in Dec 2017) and the statutory guidance (Jan 2018). All schools and colleges across the country are now expected to use the career benchmarks and the Careers and Enterprise Company (CEC) have the remit to lead the national implementation.

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- 1.25 The CEC, in their Career Hub Prospectus, recognised the leading role of the North East LEP in shaping the National Careers Strategy. The North East LEP has secured a 'Careers Hub' for the region – one of only 20 nationally. There will be a dedicated North East Ambition Careers Hub supporting 40 secondary schools and a dedicated North East Ambition Careers Hub for Colleges, supporting all 9 of our General FE Colleges in the region and a Sixth Form College. Each 'Hub' will be supported by a 'Hub Lead' and Enterprise Coordinators to ensure progress and impact are maximised. Activity is now underway to operationalise the two Hubs with contractual arrangements being finalised and resources allocated.
- 1.26 The North East LEP has additionally been recognised as the lead Careers Hub nationally and will support the successful development of the other twenty hubs across the country.
- 1.27 From the starting point of the original Gatsby pilot in 2015, the regional scale up of North East Ambition continues; 146 secondary schools are now engaged and all 9 colleges have adopted and are working towards the benchmarks.
- 1.28 The Social Mobility Commission 'State of the Nation Report 2017' recognised the impact of North East Ambition "the North East Local Enterprise Partnership has transformed careers support at local schools/colleges from the worst provision in the country to some of the best. Today, it is leading the way on good-quality careers advice – a consequence of collaborative efforts to improve performance". The report recommends that "Local Enterprise Partnerships should follow the approach of the North East Local Enterprise Partnership". The Skills Director was interviewed by the BBC as part of a series of programmes being developed with former head of the Social Mobility Commission, Alan Milburn about improving social mobility in the North East.
- 1.29 The handbook of good practice, developed by the Gatsby Foundation, showcasing the excellent work of the North East pilot schools and colleges sent to every school in the country in April 2018 has been very positively received within the region and across the country. This has been supplemented by the creation of a dedicated microsite, containing good practice examples from schools and colleges across the North East www.goodcareerguidance.org.uk.
- 1.30 Our Advocates (those in the original pilot schools and colleges) continue to be deployed to support schools and colleges both across the region and across the country. To date, the North East LEP has presented at five National Careers Strategy Briefings, one National Careers Education and Guidance Show (UK), two Westminster conferences, one Public Policy Exchange Briefing, one World Skills UK show, one Future Ready Conference, one Enterprise Village conference, the UCAS conference and three City & Guilds Franklin Debates. Additionally the North East LEP has directly supported other LEP's, Senior Leaders, and Careers Leaders in the North East, Cornwall, Birmingham, Nottingham, Lincolnshire, London, Greater Manchester/North West, Cornwall, Cumbria, Leeds and Yorkshire so far this year.

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- 1.31 Our SEND Working Group continues to work closely with the Gatsby Foundation to ensure that SEND schools and colleges are supported to achieve the benchmarks. We are working on a mapping document, highlighting the evidence and examples that schools from the SEND sector can use as evidence of good practice in relation to the benchmarks.
- 1.32 Our North East Ambition College Working Group, comprising all 9 General FE Colleges in the region, continues to work directly with the CEC and Gatsby Foundation to shape the development of supporting resources for colleges seeking to achieve the benchmarks. We have influenced national thinking, facilitated two workshops to shape the production of a national 'guide for career leaders in colleges' and have participated in national research. Four North East Colleges are helping to shape the development of a national audit tool 'Compass for Colleges' and the chair of the group will join the LEP on the National Steering Group for Compass. Resources, created with input from North East Colleges, will be issued by CEC to all colleges in September 2018. In addition, we have hosted learning visits from 6 colleges from outside the region to learn from the good practice of our colleges, whilst continuing to facilitate the sharing of good practice between colleges within the region.
- 1.33 We continue to support the roll out of the Careers Strategy nationally, for example, a group of North East Careers Leaders supported the development and creation of a 'Quick Guide for Career Leaders' in relation to their new statutory duties. We are currently also working with CEC to create video resources that can be used to support careers leaders to implement and achieve the career benchmarks. These resources should be completed in the first term of the new academic year 2018/19.
- 1.34 A drive to introduce careers provision in primary education is described within the new Careers Strategy and this is echoed by primary schools in the region who have expressed a wish to be proactive in this regard. Following a number of conversations and proposals, the North East LEP is delighted to have secured a commitment for co-funding from EY Foundation to deliver a primary benchmark pilot. This funding will be matched with funds from the North East Ambition ESF pilot to ensure that we can work with 10% of the North East LEP area's primary schools (70 in total). 10% is sufficient to provide valuable evaluation and research data. The LEP will work with pilot schools to re-flavour and adapt the key characteristics of the secondary benchmarks to ensure applicability for the primary setting. The Department for Education are supportive and are interested in the outcomes of the pilot, as are the CEC who will in due course start to consider how career guidance is delivered nationally in a primary setting. Recruitment activity will take place during Autumn term 2018 with a view to launching the intensive pilot phase in early 2019.

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North East Ambition ESF Project

- 1.35 In July 2017, DWP released a call under Priority Axis 2 : Skills for Growth, 2.2 Improving the labour market relevance of education and training system. North East Ambition Pilot: Develop and Implement a Strategic Framework to transform education, change lives and drive forward industrial growth.
- 1.36 The LEP submitted an outline application in October 2017 which was subject to an assessment against the project selection criteria by the Managing Authority for the European Social Fund Programme in England, informed by advice on strategic fit from the Local European Structural and Investment Funds Sub-Committee(s). In March 2018, the application was accepted at outline stage and invitation to progress to the submission of a Full Application was issued. The Full Application was submitted in May 2018 and is now under appraisal by the ESIF Managing Authority. The North East LEP continues to work with those appraising the Full Application, to achieve an approval in a timely fashion to meet the target Autumn 2018 launch date.
- 1.37 Working with The Edge Foundation, STEM Learning and RTC North, the North East Ambition pilot project will put SMEs at the centre of education; helping them to engage effectively with educators, learners and wider communities to influence careers and curriculum systems and to develop industry relevant skills and harness learner talent.
- 1.38 The project will develop a framework for careers and curriculum development, along with a supporting toolkit to help educational establishments maximise its value; deliver more effective pathways of engagement to bring together educational establishments and SMEs who wish to work together through business-educator programmes; and provide additional programmes of support to develop project-based learning in schools, and support young people to progress into apprenticeships, FE and HE.

Higher Education

- 1.39 We continue to work with the four universities in the region and Universities UK to shape a pilot programme. A meeting was held with the Office for Students (OfS), where the work of the North East LEP and the North East Collaborative Outreach Programme (NECOP) was identified as the example of good practice nationally. We hosted a delegation from OfS in June 2018, to support them in their review and development of the programme nationally. We have been invited to attend a national working group to extend this work. We have identified further good practice at a university outside of the region and we are working closely with them to share this with North East universities. We are planning to meet with AGCAS in the new academic year and then finalise details of a pilot with UUK.

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Business and Education Engagement – Enterprise Advisors

- 1.40 This Government-backed initiative was started in 2015 and is now a key feature of the National Careers Strategy. The Career & Enterprise Company (CEC) is an employer-led organisation that has been set up to inspire and prepare young people for the fast-changing world of work.
- 1.41 The North East LEP has taken the opportunity to shape the original CEC model to enhance opportunities for school and business engagement and in particular to support schools and colleges to achieve two of the eight Gatsby benchmarks (5 and 6). To date in the North East over 150 Enterprise Advisors have signed up, and over 100 schools and colleges are now actively working with their Enterprise Advisor. Our matches and the sustainability of those matches mean that the North East performance is now amongst the highest in the country.
- 1.42 With the support of partners and our Communications team, we continue to grow the network of business leaders becoming Enterprise Advisors. Activities within the network include school CPD sessions for staff to support benchmarks 4, 5 & 6. Engie hosted the most recent EA networking event and we have showcased good practice between EA's and schools at the regional careers leader network meetings in January 2018 and in June 2018. The North East LEP supported the thinking around (and participated in) an educator/employer 'sprint' at Northumbrian Water's Innovation Festival in July 2018.
- 1.43 Through ESF funding, the North East Ambition project will scale up activities of the EA network and increase the number of the Enterprise Coordinators within the team to give capacity to support each and every school and college in our region and ensure that SME's benefit.

Technical Education & Apprenticeships

- 1.44 Technical Qualifications – the proposed implementation of the recommendations from the Sainsbury Review will bring a step change to the provision and quality of technical education. The plan is to bring 15 new T-level courses that will replace the 13,000 qualifications currently offered. The design of the new routes will be closely aligned with apprenticeships so students can progress on to higher or degree apprenticeships or into higher education in a University. The design of the new routes is underway with pilots of the first routes due to be trialled in 2018, with a view to wider implementation in 2020.
- 1.45 Employer engagement is key to the success of T-levels and the North East LEP is working with Gatsby Foundation, providers and employers specifically focussing on a review of the current technical education provision and the ability to deliver relevant vocational and technical skills for the future employment base in the area. Two colleges in the North East are part of a pilot programme within the DfE, trialling T-

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levels (Sunderland and Gateshead) and the Principal of Gateshead College is a member of a national working group working with the FE Commissioner.

- 1.46 The North East LEP is supportive of a North East Institute of Technology and continues to work with bidders on a compelling, high quality and collaborative bid that will provide the pathways and expertise in provision of higher level technical teaching.

Apprenticeships

- 1.47 The Apprenticeship Growth Partnership meetings continue and the focus of the AGP is :-

- To assess the impact of changes to the delivery of apprenticeships on employers
- To promote Higher and Degree level apprenticeships with employers
- To promote the benefits of apprenticeships to employers

- 1.48 The North East LEP is supporting national campaigns to raise awareness and promote apprenticeships to employers, young people, schools and parents and was extremely active during National Apprenticeship week, encouraging all of our partners to participate and promote the benefits of good quality apprenticeships. We have supported the ASK (Apprenticeships, Skills, Knowledge) Programme, to raise awareness of apprenticeships to young people in the region. The provider of this service in the North East has had their contract extended into next academic year and we will continue to support their work.

- 1.49 A priority for the North East LEP is to monitor the KPIs regarding uptake of apprenticeships, particularly in key sectors against national performance. We continue to promote the benefits of apprenticeship to employers. The Skills programme is working with the North East Growth Hub to raise awareness to businesses about the benefits of hiring apprenticeships. You can find the apprenticeship content on the Growth Hub [here](#). The LEP secured £5K ESFA funding to promote apprenticeships, so ran a 6 weeks campaign to drive traffic to the dedicated landing page on the Growth Hub, showcasing relevant case studies, guides and the broad range of apprenticeships available.

- 1.50 The campaign was:-

- Targeted paid activity on LinkedIn to promote case studies and related content alongside text ads.
- Pay per Click (PPC) activity to drive traffic from those already researching or investigating the recruitment of apprentices.
- This was supplemented with social activity across the Growth Hub social platforms including the production of two video blogs from organisations regarding the benefits of taking an apprentice. The links to these are

<https://youtu.be/EebFJBILixk>
<https://www.northeastgrowthhub.co.uk/insights/case-study-sterling-pharma-solutions-limited/>

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North East Education Challenge

- 1.51 The North East Local Enterprise Partnership's 'Education Challenge' as described in the Strategic Economic Plan seeks to reduce the gap between our best and lowest performing secondary schools and improve social mobility in our young people. Building on the success of the Gatsby Career Benchmarks in the North East, the Education Challenge will support teachers, schools, governors and leaders to integrate an understanding of the world of work and career opportunities into the curriculum to ensure those entering the workforce have the skills to support our diverse economy and are fully aware of the progression routes available to make this happen. The definition of Skills in this context means both academic achievements and 'employability' skills.
- 1.52 The North East LEP has been chosen by Ford Next Generation Learning (the Charitable Foundation for Ford Motor Group) and the Edge Foundation as the first area internationally to translate elements of the very successful Academies of Nashville model. The pilot will initially work with three schools in the region building an approach that works within the context of this country and in a mainstream setting. The vision is building a 'rolling' model that is impactful, scalable and replicable.
- 1.53 The Academies of Nashville model transformed attendance and attainment across 12 schools initially by placing employers and business partners alongside teachers and school leaders and developing highly personalised approaches to progression for students. 10 years ago, these schools were some of the worst performing schools in the US, now they are amongst the highest performing in terms of attendance and progression. The model has been rolled out across 25 states.
- 1.54 The North East LEP's brief is to create and implement the pilot to run from January 2018 to December 2018 initially involving 3 schools with a view to rolling the pilot out to further schools and FE in January 2019. Project outputs:
- To improve teachers understanding of regional LMI and higher education needs within this context.
 - To develop models of good practice in relation to project based learning, teacher placements in industry and CPD that supports 'careers in the curriculum', a broader understanding of employability skills, and to disseminate these within the pilot schools and more broadly across the region.
 - To deliver in Autumn 2018 a teacher CPD event sharing the learning.
 - To create resources to support the delivery of Careers in the Curriculum.
 - Evaluate the pilot to provide evidence of impact.
- 1.55 The pilot is managed by a Steering Group co-chaired by Edge Foundation and the Skills Director from the North East LEP. Implementation and progress of the pilot is reported to the Employment and Skills Advisory Board, the LEP Board and NELB throughout 2018.

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- 1.56 Within the team the regional lead and industry alignment managers have started the process of shaping the key elements into each of three pilot school settings. All schools have identified trailblazer teachers who have attended a training day related to project-based learning and employer engagement, this was delivered in partnership with Newcastle University, the Edge Foundation and Ford NGL team.
- 1.57 The Industry alignment managers continue to work alongside the teachers to identify curriculum need and identify best match employers so that project work can be delivered to students now. A trial model for delivery has been delivered over 6 weeks in one pilot school which is now informing planning for Key Stage 3 delivery from September. One pilot school has restructured curriculum and timetable to allow extended time periods to work with employers through the curriculum from this month.
- 1.58 Industry alignment managers continue to engage with new employers through a range of activities. All three pilot schools have held 'visioning and master planning' days in July 2018, facilitated through the North East LEP and Ford NGL, where the community of parents, teachers, school leaders, employers, governors and support organisations for each school came together and worked towards an action plan for implementation with each school. Over 100 people attended these sessions. Actions have initially centred around the profile of a 'school leaver' and the essential skills and experiences they need to have had an opportunity to develop and learn from.
- 1.59 Additionally in June, the North East LEP team presented at the CBI Regional Council to secure support of additional employers. Trailblazer teachers have visited schools in other parts of the country to explore different models of teaching. Exciting employer-educator co-designed projects are currently being developed in all three pilot schools.
- 1.60 The Regional Lead is a member of the newly established, Project Based Learning International Champions group representing the UK and the North East, in a global community sharing best practice and learning. We are working to secure an international symposium relating to this work in the region in September 2019.
- 1.61 Industry alignment managers have reviewed and evaluated tracking of employer engagement in order to identify areas for development, in turn leading to new tracking systems allowing reporting of headline statistics and sub-group analysis, including details of NECOP register, SEND and pupil premium. This has been recognized as good practice by NECOP and the Office for Students. The Regional lead remains in discussion with NECOP to identify focused strategies to ensure that students from disadvantaged backgrounds have increased opportunity to experience HE progression pathways. As a translation of the US model of a Capstone Project (a two-term process in which students pursue independent research on a question or problem of their choice, engage with the scholarly debates in the relevant disciplines and, with the guidance of a faculty mentor, produce a substantial paper that reflects a deep understanding of the topic), we are considering enhancing the delivery of the

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UK Extended Project Qualification (EPQ) at Yr. 12&13 which many universities recognize. The Regional Lead is working closely with universities in the region to align approaches to staff development and project conception and implementation. Further partnership visits from Ford NGL took place in July 2018 and are scheduled to take place again in November 2018, where initial projects will be showcased.

- 1.62 This project continues to gain significant national attention and the Skills Director regularly shares details with the Head of Education CBI, the policy team at the Department for Education and the Chair of the Education Select Committee, Robert Halfon MP.

A wave one expansion will include further schools and colleges from across the region from the start of 2019.

Fuller Working Lives – 50+

- 1.63 We have considered the Fuller Working Lives (FWL) report from DWP, the Industrial Strategy and IPPR's FWL recommendations for the North East and have commenced the development of a series of activities focussed on the 3 R's,
- Retain
 - Retrain
 - Regain (Recruit)
- 1.64 We wish to better understand the barriers, opportunities, unconscious bias and other factors with employers and conducted a survey in 2017. The findings from that survey were used to inform the discussion and debate in a region-wide event in September, jointly hosted by CIPD, Sage and Newcastle University as well as the LEP. What emerged was that there are clear sector differences in approach, urgency and attitude to fuller working lives and therefore a series of events was devised.
- 1.65 EDT, working with the North East LEP, secured £50K to deliver seven sector specific events based on the above model, with the LEP presenting regional data and setting the scene; a sector lead to endorse with case studies and a call to action. Events are underway and will run until September 2018. The LEP highlighted the FWL strategy at existing sector and business facing events including NOF, BIONow, Tech Talent Charter and People Power. In parallel EDT are offering consultant led workshops to businesses to support them to audit their skills and training needs as well as mid-life career reviews for individual employees.
- 1.66 Funding was secured to develop an Employer Toolkit via the North East Growth Hub, part of a multi-faceted approach to reach local employers. The toolkit features local employers demonstrating best practice, calls to action and employer support services.

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1.67 The DWP central policy team for FWL continue to attend our Task & Finish Group and are supportive of our strategy. The DWP monthly bulletin to national stakeholders highlighted the North East LEP's approach as best practice in July.

2. Proposals

2.1 This section does not apply as the report is only for information.

3. Reasons for the Proposals

3.1 This section does not apply as the report is only for information.

4. Alternative Options Available

4.1 This section does not apply as the report is only for information.

5. Next Steps and Timetable for Implementation

5.1 The Employability, Inclusion and Skills Steering Group will continue to co-ordinate and monitor the delivery of these programmes and projects.

6. Potential Impact on Objectives

6.1 The work being taken forward is consistent with the Combined Authority's stated objectives and SEP for the North East.

7. Financial and Other Resources Implications

7.1 There are no financial implications arising from this report.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

9.1 There are no key risks arising from this report.

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10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no consultation or engagement issues arising from this report.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 This report has no appendices.

15. Background Papers

15.1 There are no background papers for this report.

16. Contact Officers

16.1 Michelle Rainbow, Skills Director, North East Local Enterprise Partnership
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17. Sign off

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

Leadership Board

18. Glossary

- 18.1 **AGCAS** – Association of Graduate Careers Advisory Service
AGP – Apprenticeship Growth Partnership
ASK – Apprenticeship, Skills, Knowledge programme
CBI – Confederation of British Industry
CEC – Careers Enterprise Company
CIPD – Chartered Institute of Personnel and Development
DWP – Department of Work and Pensions
EDT – Education Development Trust
EPQ – Extended Project Qualification
ESF – European Social Funding
ESIF – European Structural and Investment Funds
FWL – Fuller Working Lives
IAPT – Increasing Access to Psychological Therapies
IPPR – Institute of Public Policy Research
IPS – Individual Placement and Support
LMI – Labour Market Intelligence
NECA – North East Combined Authority
NECOP – North East Collaborative Outreach Programme
OfS – Office for Students
PCR – Project Change Request
PPC – Pay per Click
SEND – Special Educational Needs and Disability
SEP – Strategic Economic Plan
STEM – Science, Technology, Engineering and Math
YEI – Youth Employment Initiative

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Leadership Board

Date: 18th September 2018

Subject: Transport (and Digital Connectivity) Thematic Lead Update Report

Report of: Thematic Lead for Transport and Digital Connectivity

Executive Summary

Transport for the North (TfN) is laying out the framework to deliver a major transformation for the North's transport network. The Strategic Transport Plan is going through a final drafting stage; Northern Powerhouse Rail continues to be developed and testing has commenced as part of phase one of the Integrated and Smart Travel programme.

The Northern Rail and Transpennine Express rail franchises are still struggling to meet their performance targets following the May 2018 timetable changes. TfN has held numerous meetings to focus on the issues affecting rail passengers in the north, and has continually called for the rail industry to be held to account and for the needs of rail passengers in the north to be put ahead of all other concerns.

We have responded to a DfT Consultation over the next Cross Country franchise, expressing our frustration over the suggestion that the lack of capacity on the East Coast Main Line might lead to a reduction in services.

Nexus has undertaken a major engineering project to install a digital Rail Traffic Management System, helping to transform the way the Metro network is operated. Metro has successfully delivered additional services in support of the numerous special events in the region over this summer.

The procurement process for a new Metro fleet continues and a shortlist of bidders will be announced in September.

Work continues to bring in more funding to help enhance our transport networks, including through a Transforming Cities bid and a Sustainable Urban Development Fund.

Recommendations

It is recommended that the Leadership Board notes the contents of this report.

Leadership Board

1. Update on current issues

1.1 Transport for the North (TfN)

TfN continues to make progress on several work streams, seeking to deliver on its vision to transform the North's economy by investing in a transport network which enables a stronger, more diverse and resilient economy. Following the consultation of the TfN Strategic Transport Plan (STP) which members commented on earlier this year, TfN has been working on re-drafting the STP whilst working with partners through a series of working groups. It is anticipated that the final version of the STP will be brought to TfN's December Board, seeking approval for adoption and publication.

Meanwhile, work continues on developing the case for Northern Powerhouse Rail (NPR) which is intended to transform inter-city rail travel between major centres in the North. To progress this, TfN must present a business case to the government and it has circulated an early draft of the first stage of this, the Strategic Outline Business Case (SOBC), to partners for comments during August, and will be considered at the September meeting of TfN's Board. Subject to Board approval, the draft SOBC for NPR will be presented to the DfT in late September. The SOBC will develop over the coming months as more evidence and economic data becomes available to fill the current gaps in information.

Phase one of the Integrated and Smart Travel programme has seen a successful test of a smartcard product used on the rail network in Yorkshire. This will be rolled out across the Northern and TransPennine franchises, including stations in the North East by the end of the year. This small step will hopefully lead to a wider transformation in how passengers access the rail network.

1.2 Rail Franchise Update

Following the major timetable change in May 2018 and associated disruption to passengers, TfN has been closely monitoring Northern Rail and Transpennine Express performance levels and holding operators to account. The North has seen a gradual re-introduction of services that were removed after May to stabilise performance levels, and compensation schemes are starting to feed through to passengers with season tickets. A wider scheme aimed at regular travellers is currently being finalised.

Whilst the North East region has avoided much of the major disruption on Northern Rail's network, (primarily due to its geographic separation of services) the knock-on effect of fewer diesel trains being available from the May 2018 timetable change means that many of the planned enhancements to service frequencies on the Tyne Valley and Durham Coast lines due to take effect in December 2018 have been

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delayed. We will continue to make the case that these planned enhancements are introduced at the earliest opportunity.

TransPennine Express services have been significantly hit and services are regularly cancelled to and from the North East, often because of delays that were incurred in the Manchester area. TfN is working with the industry to put in place remedial measures to improve performance and get more trains running more regularly.

We have responded to the DfT's consultation over the next Cross Country rail franchise, setting out our strong objection to a proposal to curtail one of our two hourly Cross Country services as a result of capacity constraints on the East Coast Mainline (ECML). This is despite our repeated warnings that the ECML is suffering from capacity restraints and calls for urgent investment.

1.3 Tyne and Wear Metro

Over the weekend of the 4-5th August, Nexus undertook one of the largest upgrades in Metro history with the installation of a brand new state of the art Rail Traffic Management System (RTMS). £12 million was invested in the new system, transforming the way Metro's signalling control systems are managed into a fully digitised system. This incredibly complex piece of engineering was undertaken in just 11 hours and was completed on time, with services resuming as planned the following day. This project forms part of the wider on-going programme of work to revitalise and renew Metro assets.

Whilst Metro fleet availability has improved compared to this time last year achieving punctuality targets on Metro continues to be challenging. The on-going performance challenges underscore the importance of delivering the new Metro fleet as soon as can be achieved.

The procurement process for the new Metro fleet continues. Following the completion of a questionnaire by bidders, a shortlist of bidders for the new Metro fleet contract has been confirmed. Nexus is on course to award the contract for a new Metro fleet and new depot by the end of 2019.

The region has been playing host to a number of major events this summer, including the Great Exhibition of the North, and the Tall Ships races in Sunderland. The Metro has been playing a vital role in transporting visitors around the region helping to keep cars off the road, reducing congestion and improving air quality. Metro was also featured at the Great North Engineering Experience in early August, showcasing Metro's past, present and future and helping to promote engineering as a future career for young people.

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1.5 Update on Funding Bids

- Ministers continue to consider the bids that have been submitted to the Transforming Cities funding bid, and the region is expected to hear whether it has been successful to proceed to Phase 2 of the bid in the Autumn.
- Following the submission of an expression of interest to the European Sustainable Urban Development Fund (SUD), detailing an investment package worth £11.8m to enhance the sustainable transport offer in Tyne and Wear, work is underway to develop a full bid, to be submitted in October.

2. Future Transport Arrangements – Joint Transport Committee

- 2.1 The Order to establish the new North of Tyne Combined Authority (NTCA) has been laid before parliament. If approved it will lead to the creation of a Joint Transport Committee (JTC) with responsibility for co-ordinating transport across the combined areas of NTCA and NECA.

3. Proposals

- 3.1 This report is for information purposes only. Therefore, no proposals are contained in this report.

4. Reasons for the Proposals

- 4.1 This report is for information purposes only.

5. Alternative Options Available

- 5.1 Not applicable to this report.

6. Next Steps and Timetable for Implementation

- 6.1 Nexus has commenced the procurement process for a new fleet of Metrocars, a process which will take a number of years. The region will submit a full bid to the SUD fund in October and will hear whether the Transforming Cities proposals have been selected to proceed to the second phase in the process.

7. Potential Impact on Objectives

- 7.1 Successful delivery of the various transport and digital connectivity schemes and investment proposals outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

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8. Financial and Other Resources Implications

- 8.1 The report includes information on funding and financial opportunities. There are no specific additional financial implications for NECA arising from this report.
- 8.2 There are no Human Resource or ICT implications.

9. Legal Implications

- 9.1 There are no specific legal implications arising from this report.

10. Key Risks

- 10.1 Risk of work streams not progressing in a timely manner may impact upon the region's ability to achieve its aspirations for improving transport.

11. Equality and Diversity

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

12. Crime and Disorder

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

13. Consultation/Engagement

- 13.1 Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

14. Other Impact of the Proposals

- 14.1 No specific impacts

15. Appendices

- 15.1 Not applicable

16. Background Papers

- 16.1 Not applicable

17. Contact Officers

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Leadership Board

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18. Sign off

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

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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