

Leadership Board

Tuesday 14th September 2021 at 2.00pm

Meeting to be held at: Council Chamber, Gateshead Civic Centre, NE8 1HH

www.northeastca.gov.uk

AGENDA

	Page No
1. Apologies for Absence (Members)	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate. Please also remember to leave the meeting where any personal interest requires this	
3. Minutes of the Previous Meeting held on 20 July 2021	1-4
For approval as a correct record.	
4. Announcements from the Chair and/or the Head of Paid Service	
5. Chair's Thematic Portfolio Update	5-8
6. Economic Development and Digital Thematic Portfolio Update	9-20
7. Finance and Skills and Employability Thematic Portfolio Update	21-32
8. Transport Thematic Portfolio Update	33-42

9. NECA Budget 2022/23 (Report to follow)

43

10. Date and Time of Next Meeting: 2 November 2021 at 2.00pm

Contact Assistant: Toby Ord Tel: 0191 424 7541
Email: toby.ord@northeastca.gov.uk

Leadership Board

DRAFT MINUTES TO BE APPROVED

20 July 2021

(2.00pm – 2.30pm)

Meeting held in the Reception Room, South Shields Town Hall

Present:

Councillors Graeme Miller (Chair), Tracey Dixon and Amanda Hopgood.

Officers Nicola Robason (Monitoring Officer - Core NECA), John Hewitt (Interim Chief Executive, Durham County Council), George Mansbridge (Corporate Director Regeneration and Environment, South Tyneside), Mike Barker (representing Gateshead Council), Patrick Melia (Chief Executive, Sunderland City Council), Paul Darby (Chief Finance Officer, NECA), Gavin Armstrong (Policy and Scrutiny Officer, NECA) and Jonathan Lunness (Strategy and Democracy Support Officer, South Tyneside Council)

1 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Cllr Martin Gannon, Cllr Catherine Donovan, Sheena Ramsey, Lucy Winskill and Gillian Hall.

2 DECLARATIONS OF INTEREST

None.

3 MINUTES OF THE PREVIOUS MEETING HELD ON 8 JUNE 2021

The minutes of the previous meeting held on 8 June 2021 were approved as a correct record.

4 ANNOUNCEMENTS FROM THE CHAIR AND/OR HEAD OF PAID SERVICE

There were no announcements from the Chair or Head of Paid Service.

5

CHAIR'S THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Chair of the North East Combined Authority (previously circulated and copy attached to the official minutes).

Councillor Miller presented the report which provided a summary of the key issues for the Leadership Board.

The investment at the Nissan plant in Sunderland was noted by Members, including the confidence this shows in the North East region to lead economic growth. It was noted that this investment was thanks to co-ordinated efforts from NECA constituent authorities, the North of Tyne Combined Authority (NoTCA) and the North East LEP.

It was explained that the LA7 continue to discuss devolution with the hope of forming joint proposals in regards devolved funding.

RESOLVED that: -

- i. the report be noted.

6

ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Economic Development and Digital Thematic Lead (previously circulated and copy attached to the official minutes).

Councillor Dixon presented the report which provided an update on activity and progress under the Economic Development and Digital theme of NECA.

Members noted updates on the impact of the Covid-19 pandemic including the response of local authorities. It was noted that over the NECA region, over £500m of funding has been distributed to businesses by constituent authorities.

New funding streams including the UK Renewal Community Fund, the Levelling Up Fund and the new Subsidy Control replacing EU State Aid rules were highlighted.

Members noted the importance of digital infrastructure, particularly in regards the economic recovery following the pandemic. It was noted that whilst NECA is ahead of the national average for superfast and ultrafast broadband, it lags behind the UK average for gigabit-capable connectivity.

RESOLVED that: -

- i. the report be noted.

7 FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Finance and Skills and Employability Thematic Lead (previously circulated and copy attached to the official minutes).

Councillor Hopgood presented the report which provided an update on current Finance, Skills and Employability portfolio activity.

It was encouraged that constituent authorities and NECA continue to lobby government for long term budget planning.

Concerns were noted regarding a possible skills shortage in certain fields, such as arts and culture, following the pandemic. Possible difficulties regarding the end of the furlough scheme were also highlighted.

Members noted the timelines and conditions for different funding streams, such as the Community Renewal Fund.

RESOLVED that: -

- i. the report be noted.

8 TRANSPORT THEMATIC UPDATE

Submitted: Report of the Transport Thematic Lead (previously circulated and copy attached to the official minutes).

In the absence of Councillor Gannon and Councillor Donovan, it was agreed that any queries be raised at a future meeting.

RESOLVED that: -

- i. the report be noted.

9 BUDGET PROCESS AND TIMETABLE 2022/23

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

Paul Darby provided Members with an overview of the budget process and timetable, highlighting that the timetable was provided in Appendix 1 of the report.

It was noted that final proposals relating to the NECA budget will be considered at the Leadership Board on 2 February 2022 following the relevant budget setting process and consultation with the JTC.

RESOLVED that: -

- i. the report be noted.

10 FINANCE UPDATE – 2020/21 OUTTURN AND 2021/22 FORECAST

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

Paul Darby provided Members with an overview of the 2020/21 outturn for the NECA Corporate Budget and an update on the 2021/22 forecast.

It was noted that expected expenditure is forecast to be in line with the budget agreed by Leadership Board in February 2021.

Transport expenditure for 2021/21 was within the approved revised budgets, however there remains uncertainty regarding the impact of the pandemic on Metro and bus patronage.

RESOLVED that: -

- i. the report be noted.

11 DATE AND TIME OF NEXT MEETING

Tuesday 14 September 2021 at 2.00pm

Leadership Board

Date: 14 September 2021

Subject: Chair's Update

Report of: Chair of the North East Combined Authority

Executive Summary

This report provides a summary of the key issues for the Leadership Board at the current time.

Recommendations

The Leadership Board is requested to receive the update and comment on the issues outlined.

Leadership Board

1.	Purpose of the report
1.1	<p>This report provides a summary of the key issues for the Leadership Board at the current time.</p> <p>The Leadership Board is requested to receive the update and comment on the issues outlined.</p>
2.	Economic Growth and Recovery
2.1	Following the report in July which covered issues around the themes of economic growth and recovery, and devolution, there have been a number of new investment projects in the NECA area.
2.2	Whilst the report of the Economic Development and Digital Thematic Lead will cover the detail of recent investments, it is worth noting that projects such as Just Eat's investment in a new base at Houghton le Spring, Northern Gas and Power's investment at Gateshead Quays, Gestamp's at Newton Aycliffe and Envision AESC's at IAMP are clear indications of the NECA area's reputation as a leading region to do business, where the infrastructure and conditions are second-to-none in supporting companies to grow and further succeed.
2.3	The fact that the NECA area is being widely recognised as a place where economic growth and recovery can happen at pace and at scale, is testament to the clear focus and shared ambitions of public and private sector partners in the area, and the extremely effective joint-working arrangements in place to drive job creation and valuable opportunities for our residents.
2.4	These significant, recent investments have been secured thanks to the collaboration of the local authorities and our other public sector partners, the North East LEP and the investors' fantastic teams, all expertly supported by the North East Investment Gateway, and this report puts on record the Leadership Board's appreciation of the immense skill and commitment of all involved.
3.	Devolution
3.1	In the previous update it was reported that the LA7 local authorities (NECA and North of Tyne Combined Authority) have been discussing what is needed to help the region make a continued, strong economic recovery from the impacts of the Covid-19 pandemic.

Leadership Board

3.2	At this stage, the discussions continue with a view to forming joint proposals on what asks could be made of Government for devolved funding and powers to further aid economic growth and recovery.
3.3	Further updates will be provided as discussions and proposals develop.
4.	Proposal
4.1	To receive an update on and comment on the current, key issues for the NECA area.
5.	Reasons for the Proposal
5.1	To support a discussion by the Leadership Board on the current, key issues for the NECA area.
6.	Alternative Options Available
6.1	There are no alternative options associated with this report.
7.	Next Steps and Timetable for Implementation
7.1	Following consideration of the issues outlined in this report, further updates and items for discussion will be presented by the Chair at subsequent meetings of the Leadership Board.
8.	Potential Impact on Objectives
8.1	There is no potential impact on objectives associated with this report.
9.	Financial and Other Resources Implications
9.1	There are no financial or other resource implications associated with this report.
10.	Legal Implications
10.1	There are no legal implications arising from this report.
11.	Key Risks
11.1	There are no specific risk management issues arising from this report.
12.	Equality and Diversity

Leadership Board

12.1	There are no specific equality and diversity issues arising from this report.
13.	Crime and Disorder
13.1	There are no specific crime and disorder issues arising from this report.
14.	Consultation/Engagement
14.1	There are no specific consultation and engagement issues arising from this report.
15.	Other Impact of the Proposals
15.1	There are no further impacts arising from the proposals.
16.	Appendices
16.1	None.
17.	Background Papers
17.1	None.
18.	Contact Officers
18.1	Beverley Poulter, Lead Policy Officer, Sunderland City Council, beverley.poulter@sunderland.gov.uk
19.	Sign off
19.1	<ul style="list-style-type: none"> • Head of Paid Service: ✓ • Monitoring Officer: ✓ • Chief Finance Officer: ✓
20.	Glossary
20.1	None.

NECA Leadership Board

Date: 14th September 2021

Subject: Economic Development and Digital Theme Update

Report of: Economic Development and Digital Thematic Lead

Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Digital (EDD) theme of the Combined Authority. The report provides updates on economic recovery, funding and digital, all of which were discussed at the last EDD Advisory Board meeting in July.

It summarises that the economy is showing early signs of recovery from the economic shock of the pandemic, which impacted heavily upon our labour market and businesses. However, the recovery is in its infancy, could be impacted by future events (such as the phasing out of the Furlough Scheme, Universal Credit and inflationary pressures) and appears to be rather uneven.

Local Authority support has been vital and this report also updates on the latest position on the UK Community Renewal Fund and likely further Government announcements expected this Autumn.

Finally, the report concludes with an overview of digital infrastructure across the NECA area, particularly the work that Durham County Council have led on behalf of the region.

Recommendations

The Leadership Board is recommended to note the contents of the report.

NECA Leadership Board

1.0 Background Information

- 1.1 This report provides an update on activity and progress under the Economic Development and Digital theme of the Combined Authority, specifically:
- Economic recovery;
 - Funding and Government announcements;
 - Digital infrastructure.

2.0 Economic Recovery

2.1 *Impact of the pandemic*

It is widely acknowledged, the immediate impact of the pandemic had a profound economic affect upon the NECA economy given our high proportion of jobs in sectors which were forced to close or suffered from low demand, such as hospitality, retail, travel and the visitor economy.

Town and city centres were hit by the major drop in footfall and national retailer restructuring and store closures, while manufacturers, particularly automotive, experienced supply chain issues. Many firms exhausted reserves and cash flows, with real concerns about survival.

The impact on the labour market was significant, with the wider measure of unemployment rising from 6% in March 2020 to 6.8% in December 2020, considerably above the national average. The unemployment claimant count leapt up from 4.7% in March 2020 to 7.9% in July 2021 (particularly amongst 18-24s where it increased by over 4,000).

However, the Furlough scheme has largely kept a lid on unemployment and, as the economy has reopened, the rate has fallen steadily since the Autumn 2020 update; from the 7.9% in July 2020 to 6.6% in July 2021.

	Claimant Count % March 2020	Claimant Count % July 2020	Claimant Count % July 2021
Durham	4.0%	6.4%	5.3%
Gateshead	4.6%	7.6%	6.5%
South Tyneside	6.2%	9.4%	7.8%
Sunderland	5.1%	8.2%	6.8%

NECA Leadership Board

The number of workers of Furlough has fallen significantly from the highs of last Autumn to the latest data in June 2021 which shows around 7% of the NECA workforce is on the scheme (down from 30% in July last year):

	Furlough numbers (and % of workforce) July 2020	Furlough numbers (and % of workforce) June 2021
Durham	69,000 (32%)	5,300 (6%)
Gateshead	29,700 (34%)	4,200 (7%)
South Tyneside	20,500 (33%)	9,200 (8%)
Sunderland	39,500 (34%)	12,600 (6%)

2.2. **Support from NECA Local Authorities**

The significant support provided to businesses has helped many firms to survive. The four Local Authorities have supported businesses throughout the pandemic, across three phases;

Initial Phase - Spring/ Summer 2020

- Retail, Hospitality and Leisure Grants (Government criteria linked to Business Rates)
- Small Business Rate Relief Grants (Government criteria linked to Business Rates)
- Discretionary Fund
 - o Shared Space, Market Traders, Charities and Bed & Breakfasts
 - o Covering other gaps in local provision

Second Phase – Autumn 2020 – March 2021

- Local Restrictions Support Grants (LRSG) (Government criteria)
 - o Open
 - o Closed
 - o Closed Business Lockdown Payment (CBLP)
 - o Wet-led Pub Grants
- Additional Restriction Grants (ARG)(Local Authority criteria)

Third Phase – Spring/ Summer 2021

- Restart Grants - April 2021 onwards (Government criteria)
- Ongoing ARG payments

These schemes were administered by the Local Authorities and have provided grants to thousands of businesses across the NECA area throughout the

NECA Leadership Board

pandemic. Funding through these schemes have totalled over £500m across the NECA area and the Restart Grants are ongoing.

Scheme	Funding across NECA area
Small Business Rates Relief (SBRR) – Spring/Summer 2020	£145,890,000
Rates Relief (retail, hospitality and nurseries) – Spring/Summer 2020	£161,120,267
Retail, Hospitality and Leisure (RHL) Grants – Spring/Summer 2020	£61,080,000
Discretionary Grant schemes – Spring/Summer 2020	£10,637,065
Local Restrictions Support Grant (Open and Closed and Wet-led Pub grants) – Autumn 2020/Spring 2021	£104,760,646
Additional Restrictions Grants (ARG) - Autumn 2020/Spring & Summer 2021	£16,668,333

To support our high streets, the local authorities continue to focus upon town and city centres given the impact of reduced footfall, changed business models and national retailer restructuring. Through the Government’s £56m Welcome Back Fund, the NECA councils have received:

- Durham £569,000
- Gateshead £178,000
- South Tyneside £198,000
- Sunderland £309,000

This will fund a range of activities including communications and marketing, signage and temporary public realm, boosting safe visitor experience and plans to help medium-term impact (particularly on the high street). The funding has to be spent by the end of March 2022 and follows the Reopening High Street Safely Fund (with £600,000 across the NECA area).

2.3 **Looking forward**

As described above, encouragingly, the North East unemployment rate and NECA claimant count are both slowly falling which, combined with vacancy levels now above pre-pandemic levels (growth in construction, logistics, manufacturing, health and social care and a return to hospitality roles in particular), suggests a nascent economic recovery.

NECA Leadership Board

Much of this is dependent upon consumer confidence and the ability of our economy to adapt to the new ways of operating, including the likelihood of continued home or hybrid models of working. Business confidence measures (from the Chamber of Commerce, FSB, CBI and others) suggest firms are confident about the future, with hospitality and tourism boosted by reopening. Some sectors, such as digital, professional services, low-carbon and construction, continue to do well.

Vacancies in retail are not back to pre-pandemic levels, suggesting an acceleration of the restructuring away from high street retail, and there remain worrying signs of long-term labour market scarring, especially; the still high rates of youth unemployment, record levels of 18-24 economic inactivity; and rising numbers of those unemployed for over 12 months (as the claimant count reduction has largely been driven by those out of work for less than six months).

In addition, there is potential for further adverse effects as rents and loan repayments emerge for businesses, the Furlough scheme ends in September and the uplift to Universal Credit finishes in October.

Other factors such as inflationary pressures (already putting pressure on construction and manufacturing firms and schemes), skills shortages (widely reported across sectors, particularly hospitality, social care and manufacturing) and a rise in fuel bills (given Ofgem's change to the household energy cap) mean that the future for our economy remains uncertain. This is particularly the case for our lowest-skilled workers and those just entering (or furthest away from) the jobs market.

2.4 *Next steps*

The Local Authorities continue to roll out grant support to eligible businesses and help residents' access new employment and training opportunities. We will continue to monitor the impact of the pandemic upon the NECA economy and focus on economic recovery.

3.0 *Funding & Future Government Announcements*

3.1 *Successor to European Structural and Investment Funds*

As described in previous reports to the Board, we are awaiting further confirmation and details from Government on the successor to European Structural and Investment Funds (ESIF), the UK Shared Prosperity Fund (UKSPF).

NECA Leadership Board

Over the past seven years, ESIF, predominately European Regional Development Funding, European Social Funding and rural monies, worth c£2.1bn per year to the wider UK. Over the last seven year period, the funding for the North East has been over £400m.

This funding has been used for boosting several aspects of economic development, including support for capital projects, regeneration, business, employment, skills and agriculture, with funding targeted towards less-developed regions and channelled through both different priorities (such as business support, innovation and so on) and via regional groupings. On the latter, European funding was distributed through the North East LEP.

However, now that the UK has left the EU, this funding has now ceased (although existing ESIF programmes will continue until June 2023) and Government has pledged to use any underspend from the programmes to support economic recovery (details of this have yet to be confirmed).

The Government has proposed to replace EU Structural funding with a new UK Shared Prosperity Fund (UKSPF), aimed at reducing inequalities between communities and delivering on its 'levelling up' agenda.

Ahead of the EU Exit, Government announced that the total value of the UKSPF would eventually "at least match current EU receipts" and pledged £1.5bn per year. It has also suggested that a portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities, and that funding will be split between people and place, reflecting the current ESF/ERDF split.

However, the Government has still yet to set out in detail how the Shared Prosperity Fund will work. Many questions remain on the priorities and objectives of the Fund, including the exact amount of money to be allocated, the method of allocating funding between the countries and regions of the UK, the length of the planning period, who administers the fund (including the degree to which local authorities are involved), and the implications of the Fund for state aid rules.

Recent comments from Government have described that Local Authorities will be at the heart of UKSPF, although it is thought most likely that this will be as part of a grouping, be this at Combined Authority, LEP or other level.

NECA Leadership Board

3.2 *UK Community Renewal Fund*

In the meantime, the NECA Local Authorities await the outcome of the £220m UK Community Renewal Fund launched at the March 2021 Budget. This was designed to help areas prepare for UKSPF and pilot new approaches.

Run through Local Authorities, the UKSPF named South Tyneside, Gateshead and Durham as priority places (but not Sunderland due to an assessment framework which looked particularly at productivity where Sunderland performed above the threshold, largely due to the presence of Nissan).

The aim of the Government fund is to better target places “in need,” such as ex-industrial, coastal communities, rural areas and deprived towns, “and for people most in need of additional support.” It is a competitive process with “no pre-set eligibility.” The NECA local authorities each submitted a shortlist of up to £3m of local projects and Government are currently reviewing which projects have been successful.

The predominately-revenue based Fund aims to provide finance for innovative, impactful programmes in skills (particularly upskilling, digital and green), employment (helping people into jobs), business support (particularly innovation, decarbonising and start-up) and communities and place (especially culture and green spaces). Projects are just for delivery in 2021/22 so all spending has to be completed by March 2022.

3.3. *Government announcements*

As well as announcements on successful UK Community Renewal Funds, we are anticipating Government decisions on which major capital schemes, predominately on transport, culture and other infrastructure, have been approved through the Levelling Up Fund. It looks likely this will be in October in November and could be timed around the Levelling Up White Paper launch and the Comprehensive Spending Review (expected in the ‘autumn’).

In addition, we are also expecting the following policy announcements:

- Levelling Up White Paper on Levelling Up and devolution;
- Further developments from the ongoing passage of the Skills & Post-16 Education Bill around upskilling and retraining (Government have already announced a number of Trailblazer pilots for Local Skills Improvement Plans);

NECA Leadership Board

- Subsidy Control and Procurement Bills on subsidies and allowing for more local procurement following consultations earlier this year;
- Further details of the UK Gigabit Programme (see more below);
- Outcome of consultations on Business Rates and online retail, particularly the potential to level the playing field between high street and large online retailers when it comes to taxation.

4.0 Digital Infrastructure

4.1 *Importance of Digital Connectivity*

Fast, resilient and affordable broadband and mobile coverage is vital for our residents, businesses, visitors and investors. Better digital connectivity can boost productivity, help businesses to grow and export, allow residents to access training and public services and is a key requirement of visitors and investors. The economic impact of better broadband is considerable (£20 in net economic impact for every £1 of spending according to DCMS as better broadband makes firms and workers more productive).

Superfast speeds of 30 megabits per second (mbps) are considered the minimum for good connectivity, with Government now focussing upon future-proofed connectivity of 1gigabit (1GB), also described as gigabit capable or full fibre.

Durham County Council presented to the last EDDAB and described the process gone through on its Digital Strategy, setting out three core themes (digital customer, digital communities and digital organisation) that, collectively, enable the Council to put the customer at the heart of everything it does in a changing technological landscape, digitally improving services, supporting people, communities and the local authority to deliver better outcomes for everyone

4.2 *Current picture*

There has been excellent collaboration across the NECA area through the Digital Durham programme to boost superfast broadband (30mpbs) across the NECA area. Digital Durham allows subsidised (through Government and Local Authority funding) rollout to areas which would not have been commercially viable. Subsequently, over 87,000 premises in the NECA area, which otherwise would not have been able to access superfast broadband, can now do so.

NECA Leadership Board

Current broadband coverage in the NECA area is ahead of the national average for superfast and ultrafast, but behind on gigabit-capable connectivity. The latter means that there is a real risk that we fall behind other areas, impacting our competitiveness.

	Superfast	Ultrafast	Gigabit-capable
NECA average	98.0%	61.6%	6.8%
UK average	96.0%	52.3%	27.0%
Durham	96.5%	27.5%	15.3%
Gateshead	97.9%	74.8%	4.1%
South Tyneside	99.1%	79.5%	1.0%
Sunderland	98.3%	64.5%	6.9%

Mobile coverage is good overall, but with significant gaps. All 4 Local Authorities are engaging with major providers on commercial rollout, while joint working and discussion is taking place across the area on the approach to wayleaves (particularly for social housing) and permits, defects and reinstatement (particularly through the North East Highways and Utilities Committee).

4.3 **Gaps and Government Plans**

It is evident that commercial rollout will not get everywhere and the Government's Future Telecoms Infrastructure Strategy identified 20% of the country which would be unlikely to see commercially deployment given it would not be financially viable.

The Government's ambition of 85% of homes having gigabit-capable broadband by 2025 means that they are focussing on delivering to hard to reach areas through the UK Gigabit Programme (£1.2bn of which by 2025). The programme prioritises delivery to premises without superfast access and aims to aims to maximise coverage in the harder to reach 20% of the UK.

DCMS have said that the first areas to benefit from Project Gigabit will include a procurement involving County Durham, Gateshead, Northumberland, South Tyneside, Sunderland and Tees Valley (other areas of the North East are to be considered under a later phase). The programme also includes £210m of funding for the Gigabit Broadband Voucher Scheme and £110m to connect up to 7,000 rural GP surgeries, libraries and schools.

A DCMS consultation connectivity for very hard to reach areas closed in June 2021 and DCMS are currently analysing feedback.

NECA Leadership Board

Digital Durham are currently working with DCMS and have undertaken an Open Market Review (which they are currently analysing) to ask providers (around 21) about their commercial plans over the next 3 years. This information will be used to define where the hard to reach areas across the NECA area, and wider North East, are in view of a subsequent procurement.

It is likely that the results of this will be available in September in view of an Invitation to Tender in October 2021 (although this could potentially be later). Delivery is estimated to begin in Summer 2022 and Digital Durham continue to work collaboratively with other NECA partners to share information.

4.4 *Next steps*

, There has been excellent progress on broadband coverage following Digital Durham collaboration and the attraction of commercial rollout. There is now a need collaborate further with the private sector and Government to drive gigabit-capable coverage or risk being left behind.

It is essential to work across NECA and NELEP area on the promotion and take-up of digital skills so residents and businesses can maximise opportunities from the digital economy. There are also opportunities to look at projects and programmes coming through the new UK Community Renewal Fund and continue to focus on digital within the Economic Development and Digital Advisory Board (EDDAB). There will be regular updates to the EDDAB on the situation with the UK Gigabit Programme.

5.0 **Reasons for the Proposals**

This report provides an update on Economic Development and Digital theme.

6.0 **Alternative Options Available**

There are no alternative options associated with this report.

7.0 **Next Steps and Timetable for Implementation**

A further update will be provided to the Board at subsequent meetings.

8.0 **Potential Impact on Objectives**

NECA Leadership Board

The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

9.0 Financial and Other Resources Implications

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

10.0 Legal Implications

There are no legal implications arising from this report.

11.0 Key Risks

There are no specific risk management issues arising from this report.

12.0 Equality and Diversity

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

13.0 Crime and Disorder

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

14.0 Consultation/Engagement

There are no specific consultation and engagement issues arising from this report.

15.0 Other Impact of the Proposals

There are no further impacts arising from the proposals.

16.0 Appendices

None

17.0 Background Papers

None.

18.0 Contact Officers

NECA Leadership Board

John Scott, Head of Economic Growth, South Tyneside Council
john.scott@southtyneside.gov.uk

Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council

Sign off

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

- **Glossary**

None.

Leadership Board

Date: 14 September 2021

Subject: Finance, Skills & Employability - Thematic Update

Report of: Thematic Lead for Finance, Skills & Employability

Executive Summary

This report seeks to provide an update on current Finance, Skills and Employability portfolio activity and the baseline position for a future 'Skills & Employment' ask for the North East Combined Authority.

Local Government financing remains an issue for careful review. The delay in the publication of the Comprehensive Spending Review to at least December 2021 and the uncertainties the Governments strategy to redress the public finances builds in significant risk and uncertainty to medium financial planning across the sector.

Skills and Employment considerations builds on the wide-ranging activity already underway and provides an opportunity for the Combined Authority to take a lead of Employment & Skills services in the coming years.

Central to the Skills and Employability agenda are the issues of financing particularly the reliance on external funding as we approach the final stages of the current European Structural Investment Fund programme with little detail as yet as to the operation of the UK Shared Prosperity fund after the current Community Renewal Fund pilot exercise, alongside ensuring the ongoing development of good partnership and inter authority working arrangements that have been developed.

Recommendations

The Leadership Board is recommended to receive this report for information.

Leadership Board

1.	Background Information
1.1	Further to the agreed portfolio leads and the update provided to the Leadership Board in December, activity continues to progress all aspects of the Finance, Skills and Employment needs and opportunities across NECA. Identification of the main issues and progress being made under each element is as follows:
2.	Finance Theme
2.1	It is vital that the functions that NECA oversees as accountable body are properly resourced. The spending review announcements in November 2020 and the Finance Settlement that followed set out the resources that are available for local government for 2021/22. Budgets for NECA and the Joint Transport Committee were agreed in January / February for 2021/22, with indicative budgets set out for future years. Work is underway in developing budget proposals for 2022/23 which will be subject to consultation, with detailed budgets to be presented for agreement by the JTC in January 2022 and the Leadership Board in February 2022.
2.2	The delay in the publication of the Comprehensive Spending Review to at least December 2021 and the uncertainties the Governments strategy to redress the public finances builds in significant risk and uncertainty to medium financial planning across the sector.
2.3	Work continues through the Joint Transport Committee to lobby government for fair funding for transport across the North East and for capital investment that will improve transport infrastructure. The Transport Plan approved by the JTC in March 2021 includes a live programme of around 243 schemes totalling £6.8bn required to meet its vision of “moving to a green, healthy, dynamic and thriving North East”. Delivery of this ambitious programme is reliant on access to new and additional government funding.
2.4	<p>Since the last update to the Leadership Board, confirmation has been received from DfT that the Local Transport Authority COVID-19 Bus Service Support Grant Restart Scheme would end on 31 August 2021. There will be a successor scheme to this funding which will support Local Transport Authorities as they move from emergency funding into recovery. This scheme will run until 5 April 2022 and further details are awaited.</p> <p>In August 2021, guidance for mayoral combined authorities was published on the scope of City Region Sustainable Transport</p>

Leadership Board

	<p>Settlements. The North East was listed as one of the 8 large metropolitan areas included. The CRSTS follows from the announcement made in 2019 that the 8 eligible English city regions would receive £4.2 billion of additional funding for local transport networks and forms the core of this fund. The CRSTS aims to work and deliver in the same way as the settlement established over the last 2 decades in London, creating a more consolidated and devolved model of transport funding and delivering significant improvements for users. Transport officers are working through the implications for our region and updates will be provided through the JTC in due course.</p>
2.5	<p>Business Rates</p> <ul style="list-style-type: none"> • The government committed to conduct a fundamental review of business rates and published the terms of reference for the review at the Spring 2020 Budget. • These set out Government’s ambition not only to reduce the overall burden on businesses but also to improve the current system, in order to put the tax on a more sustainable footing and allow us to consider options for more fundamental long-term change (such as higher rates taxation for online retailers, such as an online sales tax, given the current burden upon high street retailers). • Major consultation published in July 2020 with the Government publishing a summary of the responses in March 2021. Consultation currently out seeks views on a package of reforms to support the delivery of a 3-yearly revaluations cycle. • This consultation sets out specific proposals for achieving a 3-yearly revaluation cycle, which would both enable more-frequent revaluations, and deliver other key benefits for ratepayers, including more accurate valuations, greater transparency about how their rateable value has been determined, and enable business rates liabilities to more closely reflect current economic conditions. • Consultation closes today (24th Aug). <p>A final report of the Fundamental Review will be published in Autumn 2021 (likely to be at the CSR or Budget in the Autumn)</p>
3.	<p>Skills Theme</p>
3.1	<p>Skills and Post-16 Education Bill, July 2021</p>

Leadership Board

3.1.1	The LGA supports a local, employer-led approach to develop Local Skills Improvement Plans (LSIPs). To enhance this, Mayoral Combined Authorities and local authorities should be core and strategic partners in the LSIP process. Their wide-ranging expertise on this agenda and local knowledge is missing from the Bill, and it is hoped this is redressed during its passage through Parliament
3.1.2	As furlough ends, nearly all communities will be affected by unemployment. It is vitally important that a joined up, place-based employment, skills and careers system offers adults and young people the recovery they deserve by providing access to quality education and training opportunities.
3.1.3	Local government has an important role in making the skills and employment system work for their area and provide strong local strategic and democratic oversight. LAs have direct functions to plan post-16 skills, support young people with specific needs and deliver adult and community learning and other related functions.
3.1.4	The LGA supports a local, employer-led approach to develop Local Skills Improvement Plans (LSIPs). To enhance this, LAs should be core and strategic partners in the LSIP process.
3.1.5	Important aspects of the LSIPs are yet to be defined and before they are rolled out, the Secretary of State could introduce statutory guidance for their implementation in consultation with LAs.
3.1.6	The Bill's provision to broaden opportunities for adults to access higher technical level skills is of merit. However, there are too many adults not yet qualified to Level 2 (equivalent to GCSE) who are unable to access this offer. These groups are most at risk of being out of work so increasing their skills is crucial to improve their chances in the jobs market.
3.1.7	LAs' adult and community education provision is the bedrock of adult learning, providing adults with opportunities to upskill and retrain, through the Adult Education Budget (AEB). To accelerate and expand opportunities for people to progress their skills at every level, the AEB could be restored to its 2010 levels (from £1.5 to £3 billion).
3.1.8	Good jobs and career opportunities where people live are central to the Government's levelling up ambitions. LAs are ambition to do more to join up local provision to better meet the needs of communities and create local, integrated

Leadership Board

	skills and employment offers tailored to the needs of local economies and residents.																
4.	Employment Theme																
4.1	Job Retention Scheme (Furlough)																
4.1.1	<p>The Coronavirus Job Retention Scheme has been in place since March 2020 and extended until 30 September 2021 with the level of grant available to employers under the scheme staying the same until 30 June 2021.</p> <p>From 1 July 2021, the level of grant will be reduced and employers will be asked to contribute towards the cost of furloughed employees' wages. To be eligible for the grant employers must continue to pay furloughed employees 80% of their wages, up to a cap of £2,500 per month for the time they spend on furlough.</p> <p>Employers can continue to choose to top up employees' wages above the 80% total and £2,500 cap for the hours not worked at their own expense.</p> <p>The table below represents the cumulative number of jobs furloughed since the start of the scheme in March 2020 up to 30th June 2021.</p> <table border="1" data-bbox="277 1368 987 1995"> <thead> <tr> <th>Area</th> <th>Total employments furloughed - 30 June 21</th> </tr> </thead> <tbody> <tr> <td>County Durham</td> <td>82,400</td> </tr> <tr> <td>Gateshead</td> <td>34,700</td> </tr> <tr> <td>South Tyneside</td> <td>24,200</td> </tr> <tr> <td>Sunderland</td> <td>46,100</td> </tr> <tr> <td>North Tyneside</td> <td>33,000</td> </tr> <tr> <td>Northumberland</td> <td>49,400</td> </tr> <tr> <td>Newcastle</td> <td>46,900</td> </tr> </tbody> </table>	Area	Total employments furloughed - 30 June 21	County Durham	82,400	Gateshead	34,700	South Tyneside	24,200	Sunderland	46,100	North Tyneside	33,000	Northumberland	49,400	Newcastle	46,900
Area	Total employments furloughed - 30 June 21																
County Durham	82,400																
Gateshead	34,700																
South Tyneside	24,200																
Sunderland	46,100																
North Tyneside	33,000																
Northumberland	49,400																
Newcastle	46,900																

Leadership Board

4.2	Covid Recovery
4.2.1	The COVID-19 pandemic has impacted heavily on the economy and specific sectors, including hospitality, leisure and non-supermarket retail. There is little sign that those who have lost jobs in these sectors are reallocating to less-affected sectors. It is most likely that they are looking for employment in the same sectors or administrative positions. Self-employment workers have continued to face a significant loss of income and the impact has been across a much broader sectors than that of employees.
4.2.2	There are skills shortages in several areas with the UK and a large percentage of the working population will lack the skills required by 2030, including the digital sector. Packages of support to bridge the skills gaps and providing opportunities for adults to retrain and upskill are being developed and this will be an ongoing area of focus.
4.3	The “Levelling Up” Agenda
4.3.1	The UK Government are currently placing a strong emphasis on the importance of their “Levelling Up” agenda and policy programme, with the CRF and forthcoming UKSPF discussed above being a key part of this work. To support this agenda, the government has launched three new investment programmes across the UK, specifically: <ul style="list-style-type: none"> • The UK Community Renewal Fund • The Levelling Up Fund • The Community Ownership Fund
4.3.2	The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. You can find the prospectus for the Fund in full here.
4.3.3	The Community Ownership Fund is a new £150 million programme to help ensure that communities across England, Scotland, Wales and Northern Ireland can support and continue benefiting from the local facilities, community assets and amenities most important to them. From summer 2021 community groups will be able to bid for up to £250,000 matched-funding to help them buy or take over local community assets at risk of being lost, to run as community-owned businesses.
4.3.4	The UK government is providing an additional £220 million funding through the UK Community Renewal Fund to help local

Leadership Board

	<p>areas prepare for the launch of the UK Shared Prosperity Fund in 2022. This Fund aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment. All places across the UK are eligible for pilot funding.</p>
4.3.5	<p>The Fund will also provide capacity funding to help places prepare for the introduction of the UK Shared Prosperity Fund</p>
4.3.6	<p>The UK Community Renewal Fund prospectus sets out how the Fund will operate across the UK including a focus on;</p> <ul style="list-style-type: none"> • Quicker delivery of funding including providing £220 million to spend in 2021-22 to help local areas transition away from EU structural funds. • Better targeting for places in need, for example ex-industrial communities, coastal communities, rural areas and deprived towns, and for people most in need of additional support. • Better alignment with domestic priorities moving away from a focus on overly prescriptive, siloed priority axes and instead enabling more holistic, joined-up investment based on local insight. • Cutting burdensome EU bureaucracy including nurturing innovative proposals and reducing forms and targets that have created an unsustainable burden and led to a focus on outputs not outcomes.
4.3.7	<p>To nurture innovative thinking and offer flexibility, projects may align with one, or deliver across several, of the following investment priorities:</p> <ul style="list-style-type: none"> • Investment in skills • Investment for local business • Investment in communities and place • Supporting people into employment

Leadership Board

4.4	Supporting Progression out of low pay: a call to action
4.4.1	<p>The Commission wants everyone in low pay to have the opportunity and support to progress in work and increase their earnings. This report identifies the multiple barriers faced by those in low pay looking to progress and sets out key actions that governments at every level across the UK, employers and others should take to minimise and remove these barriers. It is clear to the Commission that it will require a united effort from these actors to tackle the obstacles that keep people trapped in long-term low pay.</p>
4.4.2	<p>The Commission identifies the multi-pronged nature of barriers to progression and considers findings from the Department for Work and Pensions' Future Cohort Study and Randomised Control Trial to determine how to best support people in low pay to sustainably increase earnings. The Commission asserts that governments across the UK should seek to play a broad facilitating role, ensuring that there is a long-term focus on in-work progression, including through policy design. The Commission further advocates for greater oversight of and collective action on progression support across UK government departments and their equivalents in the Devolved Administrations.</p>
4.4.3	<p>The role of Jobcentres draws on their existing strengths as a national network of local centres of expertise on employment support. Considering the evidence to date on support for in-work progression among the low-paid, the Commission recommends how support that motivates people to progress and gives them the tools to do so could be embedded into the core service of Jobcentres. The Commission also looks at whether the policy design of Universal Credit can better incentivise progression and how well the system in relation to progression incentives is understood by claimants and employers.</p>
4.4.4	<p>The Commission advocates that developing skills and an understanding of the value of continual learning among the low-paid is essential to help people in low pay sustainably progress in work. The Commission looks at current skills initiatives and identifies the barriers to uptake for those in low pay. The Commission advocates for more bespoke development support for workers in low pay through a progression and learning plan, and describes how to ensure that learning offers are appropriate, accessible and appealing to all demographics of workers in low pay.</p>
4.4.5	<p>The Commission advocates that employers are best-placed to engage with their low-paid workers and notes the benefits that progression has for businesses. The report sets out actions to assist employers to become 'progression-focused' to better support their employees to progress in work and to make the most of their potential. The Commission provides a 5-point progression checklist, which employers of all sizes can adopt, and also makes recommendations on how</p>

Leadership Board

	employers can embed progression into their organisational culture. The Commission also argues for transparent national and local progression pathways for each low pay sector, to help workers have a clear ‘line-of-sight’ to their potential career path.
4.4.6	The Commission looks at case studies of programmes which go over and above their core contract commitments to deliver social good as part of public sector spending. The Commission encourages government to go further and increase the minimum weighting of social value in public procurement to 20% over time as well as developing mechanisms for sharing good practice in assessing social value between public procurement teams in local, national and devolved authorities.
4.4.7	The Commission argues that local bus networks offer an opportunity to transform employment potential for workers in low pay sectors and recommends governments throughout the UK continue to enhance reliability and availability of services and decrease costs to help those in low pay seeking to progress. In relation to childcare, the Commission looks at the flexibility, availability and understanding of current provision, concluding that governments across the UK must be more aware of the role childcare plays in supporting progression and act accordingly. The Commission also makes recommendations to employers in relation to childcare and transport for their workers.
4.5	NE Housing and Employment Partnership
4.5.1	The North East Housing and Employment Partnership is an innovative collaboration of thirteen registered providers of social housing in the North East of England who wish to add value to their current offer to tenants by offering a region-wide employability service. The partnership began forming in October 2020 out of a desire to better support tenants and communities into good employment which would in turn help them to sustain their tenancies as well as to benefit from all the other effects that being in ‘good’ work has. A steering group was formed with representation from the partners as well as relevant stakeholders who played an important role in defining and refining the plans for the collaboration’s undertakings. The development process was led by Tyne Housing. The main aims were to form a regional employability ‘hub’, delivering a place-based approach to employability as well as to become a stronger voice for the North East housing and employability sector.
4.5.2	Rocket Science has conducted feasibility review, including a review of best practice, scoping interviews with the partners, stakeholder engagement, a theory of change workshop and logic model development to construct an operational model for the partnership, an implementation plan and a funding plan.
4.5.3	Within the operational model there are four key areas of activity recommended for the partnership, along with 12 recommendations. The key areas of activity and the main recommendations are:

Leadership Board

	<ul style="list-style-type: none"> • Business development - within this it was identified recruiting a business development manager is critical to the success of the partnership in securing funding. It is recommended that having a lead bidder for each bid, identified on a bid-by-bid basis, with business development activity co-ordinated by one partner and supported by other partners: • Service delivery - there were some differences in opinion amongst the partners as to what the collaboration would offer but there was a consensus to take a joint approach to employer engagement and to share vacancies. Sharing resources for staff and tenants would also be valuable. A service delivery model has been developed to better illustrate the recommendations here: • Data and evidence workstream- at present, the partners' delivery models, expertise and level of data collected on customers and participants varies significantly. In order to develop successful bids, the partnership needs to have a consistent approach to collating employability data to support this: • Social value workstream- this is an area of growing importance and registered housing providers have opportunities to maximise social value from their suppliers to assist with the delivery of the employability partnership: <p>Along with these recommendations, the operational model also identifies the enablers of these activities in the form of legal and governance structures and the communication workstream.</p> <ul style="list-style-type: none"> • Legal and governance structure- there was a strong desire from the partners to keep things simple: • Communication workstream- a partnership of this scale may have an impact on other voluntary and community sector (VCS) providers in the area, currently delivering employability services, and so communication that is sensitive to this will be crucial:
4.5.4	<p>Recommendation</p> <p>In view of the above report, it is suggested that the LA Economic Development Directors request a formal dialogue Housing Provider Chief Executives to seek an</p>

Leadership Board

	integrated approach to future employment provision. The findings and recommendations of the Rocket Science report to be used as a starting point for inclusive discussion.
5.	Next Steps and Timetable for Implementation
5.1	Employment & Skills issues and opportunities for development remain under development through meetings of the Skills and Employment Working Group.
6.	Potential Impact on Objectives
6.1	This report is for information only.
7.	Financial and Other Resources Implications
7.1	There are no additional financial implications as this report is for information only.
8.	Legal Implications
8.1	There are no specific legal implications arising from this report.
9.	Key Risks
9.1	This report is for information.
10.	Equality and Diversity
10.1	There are no equality and diversity implications directly arising from this report
11.	Crime and Disorder
11.1	There are no crime and disorder implications directly arising from this report
12.	Consultation/Engagement
12.1	Economic Directors have been fully consulted on the contents of this paper
13.	Other Impact of the Proposals
13.1	There are no other impacts arising from this report
14.	Appendices
14.1	None.

Leadership Board

15.	Background Papers
15.1	Thematic Portfolio Update January 2021
16.	Contact Officers
16.1	Amy Harhoff, Corporate Director Regeneration Economy & Growth, Amy.Harhoff@durham.gov.uk Tel: 03000 267330
17.	Sign off
17.1	<ul style="list-style-type: none"> • Head of Paid Service: ✓ • Monitoring Officer: ✓ • Chief Finance Officer: ✓
18.	Glossary
18.1	<p>CJRS Coronavirus Job Retention Scheme</p> <p>DWP Department for work and Pensions</p> <p>ESFA Education and Skills Funding Agency</p> <p>JETS Job Entry Targeted Support</p> <p>JSA Job Seekers Allowance</p> <p>UKSPF UK Shared Prosperity Fund</p>

Leadership Board

Date: 14/09/2021

Subject: Transport Thematic Lead Portfolio Update Report

Report of: Thematic Lead For Transport

Executive Summary

The purpose of this report is to provide an update on various transport matters of relevance to the NECA area.

Recommendations

The Leadership Board is recommended to note the contents of this report.

1. Background Information

1.1 This report provides an update on transport issues affecting the NECA area.

Buses

1.2 As part of the North East Joint Transport Committee's (JTC) work on its Bus Service Improvement Plan (BSIP), which the Government requires to be produced by the end of October, a 'Big Bus Conversation' has been underway, gathering the public's views on how far existing services meet people's needs. This included specific consultation events, with a bus touring various locations across the NECA area, as well as more general consultation material. The Big Bus Conversation finished on 10th September.

1.3 The BSIP is the initial step in development of a formal Enhanced Partnership with operators. This needs to be in place by April 2022 if the region is to have the opportunity of tapping into future funding for both the support of services and improvement of infrastructure.

1.4 In August a letter was sent to all local authorities by the JTC (copy attached). This emphasised the importance of the BSIP, and in particular the need to ensure sufficient priority is accorded on road to allow effective operation. This is clearly a difficult area given the constrained nature of road space and competing priorities for its use (national policy on walking and cycling also gives provision for these modes a similar emphasis to buses) but is going to be critical in the development of the BSIP and attracting future funding.

1.5 In June the Joint Transport Committee submitted an Expression of Interest (EoI) to the Government's 'ZEBRA' initiative, which will provide funding to increase the number of electric buses operating in the area. This has been successful and the JTC will now be drawing up a full bid to Government. The EoI envisaged funding for nearly 80 new buses, the majority of which would be operating wholly or partly in the NECA area.

Transport de-carbonisation

1.6 A number of important documents have been published recently relating to the de-carbonisation of transport and the meeting of climate change goals. These include the Department for Transport's national strategy 'Decarbonising Transport', a consultation on Transport for the North's decarbonisation strategy and documents published by Go Ahead and Highways England (Highways England has now been re-named National Highways).

1.7 Transport remains one of the more difficult areas in which to progress towards climate change goals, with progress in reducing carbon emissions lagging behind other major emitters. The main messages coming from current work are that action is needed across all areas to reduce emission. This includes both the move towards zero emission vehicles and promoting alternatives to car use. Even this

though is unlikely to reduce emissions quickly enough and further action will be needed to look at measures which actively discourage car use.

East Coast Main Line timetable

- 1.8 The JTC has responded to the consultation on proposed changes to the East Coast Main Line timetable, underlining the North East's concerns. This suggests that the proposals for a new timetable are put on hold pending improvements to capacity needed to enable the introduction of increased frequency of service on this route without detriment to other rail users. Transport for the North has made a similar submission regarding the proposals.

Active Travel Fund

- 1.9 The JTC has submitted a bid to the Government's Active Travel Fund to provide further investment in improved walking and cycling infrastructure. The bid totals nearly £29 million and includes proposals from across the NECA area. These include segregated cycle lanes on the B1405/Pallion New Road and A183 in Sunderland, Durham City active travel corridors, A194 and A184 cycle routes in South Tyneside and access to local centres in Deckham and Felling in Gateshead.

Capability funding

- 1.10 The JTC has now been notified by the Department for Transport of its allocation under the 'Capability Fund' for 2021/22. £2.16 million will be made available across the North East to support local authorities in developing their infrastructure plan for cycling and walking, and in carrying out complementary behaviour change activity.

2. Proposals

- 2.1 This report is for information only. Therefore no decisions are contained in this report.

3. Reasons for the Proposals

- 3.1 This report is for information purposes only.

4. Alternative Options Available

- 4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

- 5.1 Timetables are set out as appropriate in relation to the individual items in the sections above.

6. Potential Impact on Objectives

- 6.1 Sustaining an effective public transport system will be critical to NECA in delivering its objective to maximise the area's opportunities and potential. In addition to this continuing investment in the projects and programmes outlined above will help ensure the area has a transport system capable of meeting current and future challenges.

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

- 9.1 Various risks exist in relation to the impacts that a failure to achieve the region's aspirations for improving transport would have on wider economic and environmental objectives.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Addressing Geographic Diversity:

- 12.1 The continued provision of bus and other public transport services to more sparsely populated areas remains important to meeting the future needs of these areas.

13. Climate Change/Environmental Sustainability

- 13.1 Transport remains a major source of carbon dioxide and other pollutants. Sustaining effective public transport networks and investing in alternatives to the

private car as well as Electric Vehicles are important to achieving further reductions in carbon emissions.

14. Consultation/Engagement

14.1 Not applicable.

15. Other Impact of the Proposals

15.1 No specific impacts.

16. Appendices

16.1 Not applicable.

17. Background Papers

17.1 Not applicable.

18. Contact Officers

18.1 Sheena Ramsey

19. Sign off

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

20. Glossary

Highways England – national body with responsibility for maintaining and improving the trunk road network. In this area this includes the A1, A19, A194(M) and parts of the A184. Highways England has recently been re-named National Highways.

North East Joint Transport Committee – the formal decision making body in terms of transport strategy, covering both the NECA and North of Tyne areas.

NORTH EAST JOINT TRANSPORT COMMITTEE

To: All Members of the Joint Transport Committee and Gateshead Council
LA7 Leaders and Elected Mayor

Civic Centre
Regent Street
Gateshead
NE8 1HH

19 August 2021

Dear Colleague

Bus Partnership update

I am writing to update you on the next steps in developing a Bus Partnership for the North East, and to ask for your assistance both in leading your Council's input into the work, and in ensuring that your Cabinet Members have access to appropriate briefings.

Firstly I would like to thank you for the financial support that your Council has provided to allow a project team to be established swiftly, and for your active participation at the Joint Transport Committee that unanimously agreed to develop a bus partnership with operators.

The Covid-19 pandemic has put our public transport services and our transport objectives at risk. Ridership levels – and therefore income from fares – are way below pre-pandemic levels. Central government support has kept the buses and the Metro running until now because of their role as an essential service, but the government has been clear that this support will cease at the end of this financial year. We do not expect ridership to recover quickly enough to make services viable without further financial support, and we therefore need to act in order to preserve services.

The bus network has always been essential in the North East. Before the Covid-19 pandemic there were over 160m bus journeys each year in our region. Almost a third of our households have no access to a car, and for many people in one-car households the bus is their lifeline to get to work, education, health and social inclusion.

The North East Transport Plan that we approved earlier this year set out our shared transport objectives of: achieving carbon neutrality; overcoming inequality and growing our economy; improving public health; and offering appealing sustainable transport choices through a safe and secure network.

Throughout this year we have talked about the need for a new approach to buses. If we are to deliver on our ambitions to move towards net zero carbon emissions, to clean up the air we breathe, and to make sustainable travel an affordable and realistic choice for everyone, we need to change the way that buses work for our communities. We also need to change the way that we work with the bus industry.

In July the Joint Transport Committee agreed a Vision for Buses setting out our ambition for:

- An enhanced network that is simple and easy to understand;
- Faster and more reliable journey times;

- A simple and flexible fares structure;
- Better integration between modes;
- More early morning and evening services;
- Clear and consistent information that is easy to access;
- Improved safety and security;
- Cleaner and greener vehicles
- Improved connectivity beyond our boundaries;
- A first-class customer experience.

In July we also agreed to work with local bus operators through an Enhanced Partnership which will allow us to bid into a £3bn government fund. Members unanimously supported the proposal to draw up a strong proposal which will be in a document known as a Bus Service Improvement Plan (“BSIP”). The government fund is tied to a new National Bus Strategy published earlier this year, and our BSIP is effectively a bidding document that will need to convince the government that our plans are ambitious, credible, effective and deliverable.

We will of course continue to make the case for adequate government funding for bus services as matter of principle, directly and through the collective bodies like the Local Government Association and the Urban Transport Group. However, the government has been very clear that emergency Covid-19 funding support for buses will cease at the end of this financial year, and it seems increasingly likely that the only route to securing new funding for buses will be through grants awarded through the BSIP process.

It is therefore of the utmost importance that we present the strongest possible BSIP and secure the biggest possible share of the £3bn that we can. The funding will support not only our ambitions for a better bus system, but it will also be needed to provide essential relief as the bus network continues its recovery from the effects of the pandemic. The alternative we face is almost certain wide-spread cuts to services that will damage our communities.

To develop a strong BSIP that will truly make a difference to how buses operate we will need the leadership and support of you and your Cabinet colleagues, along with officers responsible for local highways and transport.

Extensive priority will need to be given to buses on our area’s roads, particularly on the approaches to centres of population, in order to speed up bus journeys and make them more reliable. This will see the introduction of more bus lanes and more bus-only roads and access gates across the region.

Road junctions at key points on the bus network will prioritise buses both in their physical design and in how traffic signals are phased. We will need to critically appraise parking charges and policies to make sure that buses are a competitive and attractive way to travel for both work and leisure. We will also need to make sure that parked cars do not prevent people from boarding buses or make it difficult for buses to pass through narrow roads in villages and estates.

The bus operators will of course have to make very significant improvements of their own as part of the package. They will need to make fares both affordable and integrated; buses will need to be of the highest standard in appearance, comfort, and environmental performance; and timetables will need to be designed to support communities across the area, rather than focusing on the most profitable routes.

I recognise that such changes will need to be considered very carefully, in consultation with the communities affected and considering the views of, and impact on, all road users. However, it is equally important to stress that without wide-ranging improvements of this nature our BSIP may not attract significant funding and our bus network will shrink as a result.

Officers from Transport North East and the LA7 Councils are working in partnership with bus operators to develop the BSIP. I would encourage everyone with a stake in a successful bus network successful to pro-actively feed ideas into the development of the BSIP.

In September we will review the first draft of our BSIP. I have asked my officers to ensure that, following the Joint Transport Committee briefing, every Council's Cabinet is offered a full briefing on the local implications. I would like to request your assistance in arranging this briefing so that your colleagues can gain a better understanding of what is being proposed and its possible benefits and impacts on the residents in your area.

The North East is already suffering from a car-dominated recovery with traffic levels consistently higher throughout the day than before the pandemic. Our leadership in the coming months will be essential to ensure that this is only a short-term effect and that public transport is able to play its full part in supporting a green economic recovery for the North East.

There are, unfortunately, no other avenues open to us at present if we want to secure funding to support and grow the bus network. Franchising is a possible long-term option which we will keep under review, but it is a very complex and lengthy process even for those Combined Authorities which have the legal powers to introduce a scheme themselves – and we do not. In any case bus-friendly highway and parking policies such as those I highlight above will still be necessary for the bus network to be successful, regardless of the system of governance.

If you would like to discuss this letter in person, I would be delighted to speak to you about it. I will also ask officers to make contact with your office to arrange a briefing of Cabinet Members as discussed above.

Yours sincerely

Councillor Martin Gannon
Chair of the North East Joint Transport Committee
Copied to: Transport Strategy Board

Leadership Board

Date: 14 September 2021

Subject: NECA Budget 2022/23

Report of: Chief Finance Officer

Report to follow